



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2018



CITY OF

FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT CITY OF HOLLYWOOD, FLORIDA

For the Fiscal Year Ended September 30, 2018



Prepared by
Financial Services Department

Cintya Ramos, Director of Financial Services
Shawn Burgess, CPA, Assistant Director of Financial Services/City Treasurer
Natalie Otto, CPA, Accounting Systems Manager General Accounting
Patricia Lazzaroni, Senior Accountant General Accounting
Yolanda Maldonado-Juriga, Senior Accountant General Accounting
Susie Bachoo, Senior Accountant General Accounting
Kametra Codio, Senior Accountant General Accounting
Seana Johnson, Accountant General Accounting
Dawn Gruber, Financial Systems Analyst General Accounting
Jermaine Ewing, Accounting Specialist General Accounting
Dolly Chattergoon, Accounting Specialist General Accounting
Shirley Freeman, Accounting Specialist General Accounting
Mary Schaeffer, Accounting Systems Manager Treasury
Phyllis Shaw, Utilities Accounting Supervisor Public Utilities
Horace McLarty, Senior Human Resources & Risk Management Accounting Analyst
Patricia Williams, Senior Accountant Community Development Division

**CITY OF HOLLYWOOD, FLORIDA
COMMISSION - MANAGER FORM OF GOVERNMENT
SEPTEMBER 30, 2018**

CITY COMMISSION

JOSH LEVY, Mayor

TRACI CALLARI, Vice Mayor - District 3

CARYL SHUHAM, Commissioner - District 1

PETER HERNANDEZ, Commissioner - District 2

RICHARD BLATTNER, Commissioner - District 4

KEVIN BIEDERMAN, Commissioner - District 5

LINDA SHERWOOD, Commissioner - District 6

CITY MANAGER

WAZIR A. ISHMAEL, Ph.D.

CITY ATTORNEY

DOUGLAS GONZALES

City of Hollywood, Florida

MISSION STATEMENT

***We are dedicated to providing municipal services
for our diverse community in an atmosphere
of cooperation, courtesy and respect.***

***We do this by ensuring all who live, work and play in the
City of Hollywood enjoy a high quality of life.***

DIVERSITY STATEMENT

***The City of Hollywood celebrates the diverse community
it serves and embraces the differences in both the community
and workforce.***

***We are committed to the values of integrity, fairness
and inclusiveness in our decisions, behaviors
and service delivery.***



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Hollywood
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

The City of Hollywood has received a Certificate of Achievement for the last 43 consecutive years, fiscal years ended 1975 through 2017. Hollywood became the 29th municipality in the United States and the second city in Florida to receive this award when its first certificate was obtained for the City's 1956 annual financial report.

CITY OF HOLLYWOOD, FLORIDA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

TABLE OF CONTENTS

	<u>Page No.</u>
I. INTRODUCTORY SECTION (UNAUDITED)	
Table of Contents	1-2
Letter of Transmittal	3-7
City of Hollywood Organizational Chart	8
II. FINANCIAL SECTION	
Independent Auditors' Report	9-11
Management's Discussion and Analysis (Unaudited Required Supplementary Information)	12-24
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE:	
Statement of Net Position	25-26
Statement of Activities	27-28
FUND FINANCIAL STATEMENTS	
GOVERNMENTAL FUNDS:	
Balance Sheet	29-30
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	31
Statement of Revenues, Expenditures and Changes in Fund Balances	32-35
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	36
PROPRIETARY FUNDS:	
Statement of Net Position	37-40
Reconciliation of the Statement of Net Position of Proprietary Funds to the Statement of Net Position	41
Statement of Revenues, Expenses and Changes in Net Position	42-43
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position of Proprietary Funds to the Statement of Activities	44
Statement of Cash Flows	45-48
FIDUCIARY FUNDS:	
Statement of Fiduciary Net Position	49
Statement of Changes in Fiduciary Net Position	50
Index to Notes to the Financial Statements	51-52
Notes to the Financial Statements	53-132
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):	
Budgetary Comparison Schedule – General Fund	133-134
Budgetary Comparison Schedule – Beach Community Redevelopment Fund	135-136
Budgetary Comparison Schedule – Downtown Community Redevelopment Fund	137
Changes in the City's total OPEB Liability and Related Ratios	138

CITY OF HOLLYWOOD, FLORIDA

TABLE OF CONTENTS (Continued)

	<u>Page No.</u>
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):	
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios	139-141
Schedule of the City's Proportionate Share of the Net Pension Liability	142
Schedule of Contributions	143-144
Notes to the Required Supplementary Information	145-146
 COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
NONMAJOR GOVERNMENTAL FUNDS:	
Combining Balance Sheet	147-148
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	149-152
 NONMAJOR ENTERPRISE FUNDS:	
Combining Statement of Net Position	153-154
Combining Statement of Revenues, Expenses and Changes in Net Position	155
Combining Statement of Cash Flows	156-157
 INTERNAL SERVICE FUNDS:	
Combining Statement of Net Position	158-159
Combining Statement of Revenues, Expenses and Changes in Net Position	160
Combining Statement of Cash Flows	161-162
 FIDUCIARY FUNDS:	
Combining Statement of Fiduciary Net Position	163
Combining Statement of Changes in Fiduciary Net Position	164
 III. STATISTICAL SECTION (UNAUDITED)	
Index to Statistical Section	165
Net Position by Component – Last Ten Fiscal Years	166-167
Changes in Net Position – Last Ten Fiscal Years	168-171
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years	172
Fund Balances of Governmental Funds – Last Ten Fiscal Years	173
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	174-177
General Governmental Tax Revenues by Source – Last Ten Fiscal Years	178
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	179-180
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	181-182
Principal Taxpayers – Current Year and Nine Years Ago	183
Property Tax Levies and Collections – Last Ten Fiscal Years	184
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	185-186
Ratios of General Obligation Bonds/Note Debt Outstanding – Last Ten Fiscal Years	187
Computation of Direct and Overlapping Bonded Debt – General Obligation Bonds	188
Computation of Legal Debt Margin	188
Pledged-Revenue Coverage – Last Ten Fiscal Years	189
Demographic and Economic Statistics – Last Ten Fiscal Years	190
Principal Employers – Current Year and Nine Years Ago	191
Budgeted Full-Time Positions for City Employees by Function – Last Ten Fiscal Years	192
Operating Indicators by Function – Last Ten Fiscal Years	193-194
Capital Asset Statistics by Function – Last Ten Fiscal Years	195-198

June 6, 2019

Honorable Mayor and Members
of the City Commission
City of Hollywood
Hollywood, Florida

Dear Honorable Mayor, Vice Mayor, and City Commissioners:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Hollywood, Florida, ("the City") for the fiscal year ended September 30, 2018. This report, presented in conformity with generally accepted accounting principles ("GAAP"), was prepared by the City's Financial Services Department, and audited by an independent firm of certified public accountants, Marcum LLP, as mandated by both local ordinances and state statutes. The independent auditor has issued an unmodified opinion that the financial statements fairly present the financial position of the City and comply with applicable reporting standards. The Independent Auditors' Report is located at the front of the Financial Section of the report.

The City is responsible for the accuracy of the data and the completeness and fairness of the presentation including all disclosures. Management has established an internal control structure designed to ensure the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States ("US"). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds.

As a recipient of federal, state and county financial assistance, the City is also responsible for ensuring an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The City is required to undergo an annual single audit performed under the provisions of the US Office of Management and Budget Uniform Guidance (Compliance Supplement) and Chapter 10.550, Rules of the Auditor General, State of Florida. The information related to the Single Audit, including the schedule of expenditure of federal awards and state financial assistance, findings and recommendations, and auditors' reports on the internal control and compliance with applicable laws and regulations are included in a separate report.

The City's financial statements have been prepared using the reporting model in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis ("MD&A"). MD&A provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

PROFILE OF THE CITY

The City of Hollywood, incorporated in 1925, is a full service municipality located in Broward County on the southeastern coast of the State of Florida. The City comprises 30 square miles including 6 linear miles of Atlantic Ocean beaches. The 2018 permanent population of the City of Hollywood is estimated to be 149,028 (Bureau of Economic and Business Research, University of Florida).

2600 Hollywood Boulevard
P.O. Box 229045
Hollywood, Florida
33022-9045

hollywoodfl.org

The City of Hollywood operates under a commission-manager form of government. The City Commission is composed of a mayor elected at large and six commissioners elected by district. The seven members of the City Commission serve four-year terms. In November 2010, voters approved changes in the City Charter which provide for staggered terms for the City Commissioners. Three of the six City Commissioners were elected to serve six-year terms to establish the staggered terms.

In addition to general government services, the City also provides community planning and development, public safety, public works, and culture and recreation services to its residents. Furthermore, the City's water and sewer, stormwater, sanitation, golf, parking operations and records preservation activities are reported as enterprise funds.

The financial reporting entity of the City includes all the funds of the City, as well as all of its component units and fiduciary funds. The Hollywood Community Redevelopment Agency ("CRA") and Emerald Hills are component units, a legally separate entity for which the City government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. The Downtown Community Redevelopment District ("DCRA") and the Beach Community Redevelopment District ("BCRA"), which are districts of the CRA, are being reported as special revenue funds, in accordance with State statute requirements, using the blended method. The Emerald Hills Safety Enhancement District was created on August 30, 2017 by City Ordinance under State statutory authority and is presented as a discretely Presented Component Unit.

The City of Hollywood is required to adopt an annual budget in accordance with the City Charter and state statutes. The City Manager is charged with preparing a proposed budget for submission in July of each year for the fiscal year that begins the following October 1. Appropriations by department within funds and tax levies are adopted in September. The budget may be amended by resolution. The budget also authorizes the number of full-time equivalent positions available to City departments to deliver services.

The City has three defined-benefit pension plans: 1) the General Employees Retirement Fund, 2) the Police Officer's Retirement System and 3) the Firefighter's Pension Plan. A board of trustees administers each plan. The boards are composed of members elected by active employees and appointees of the Mayor. The Boards have responsibility for investment of the pension assets and determination of benefits as employees retire or seek other benefits under the plans. At September 30, 2018, the plans had total combined assets of \$886.9 million.

FACTORS AFFECTING ECONOMIC CONDITION

The City benefits from its strategic geographical location, relative affordability, and its growing fiscal stabilization. The City's property taxable value for fiscal year 2018 was \$15.2 billion, an increase of 16.03% from prior year. The City's operating tax millage rate has been 7.4479 mills since 2012. However, for FY 2019 the operating tax millage rate will increase by 0.0186 mills, offset by a decrease in the debt service millage rate by 0.0186 mills, with no increase in the total millage rate of 7.6992 mills. The increase in taxable assessed property values will also generate an increase in property tax collections. The City anticipates that several notable developments were completed during fiscal year 2018 such as The Hollywood Circle, Parkview at Hillcrest, the Costa Hollywood and Preserve at Emerald Hills.

The City maintained its A1 rating by Moody's on the City's Capital Improvement Revenue and Refunding Bonds Series 2016A. The BCRA also maintained an A2 from Moody's for its Series 2015 Redevelopment Revenue and Refunding Bonds. Maintaining these ratings reflects the expectation of continued sound financial operations and overall stability in the local economy

The City has finalized collective bargaining agreements with Police and Fire, and is in the process of negotiating with AFSCME. Implicit in the City's position of making sustainable financial decisions is a strategy of developing appropriate and workable compensation plans for the various bargaining units and non-represented employees with a competitive target salary strategy.

It is anticipated that the local and national economic picture will continue to improve, creating renewed opportunity for the City of Hollywood to achieve its full potential as one of the best places in the country to raise a family, start or expand a business, invest in real estate, seek high quality, cutting edge health care and enjoy the natural environment. While Hollywood will continue to grapple with growing personnel and health care costs and face significant

maintenance and infrastructure needs, the City is firmly committed to its ongoing reinvestment in our employees, our neighborhoods and our City as a whole.

Relevant Financial Policies

One of the most important measures of the City's financial health is its fund balance. The restoration of the General Fund's fund balance reflects the positive financial results achieved after many difficult budget decisions made in prior years. The City's fund balance in the General Fund is the highest it has been in three decades, allowing the City to end fiscal year 2018 with an audited fund balance of \$72.1 million up from a low of \$4.3 million to start fiscal year 2012. Having a healthy fund balance gives the City financial flexibility, makes it better able to meet its cash flow needs, mitigates current and future financial risks and ensures predictability of future services. The City is committed to continuing this progress and the City must continue to budget carefully for the years ahead in order to ensure the City's continued fiscal health.

Fund Balance Target: The City's Fund Balance Policy, adopted by City Commission resolution in fiscal year 2011, is compliant with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." In addition to providing compliance with GASB Statement No. 54, the City's Fund Balance Policy will assist in stabilizing the long-term financial position of the City by setting standards for the use and replenishment of fund balance reserves. This policy also provides structural balance to the City's budget by limiting the use of reserves to cover recurring expenditures.

- The Fund Balance Policy sets an additional 5% fund balance target (within the committed fund balance definition) to provide for an economic stabilization reserve to protect the City from adverse financial impacts in the event of unexpected economic events.

Projections – Multi-year budget projections based on an enhanced budget forecast model are prepared by the City's Budget Administration Division to forecast out years. This tool allows the City to adjust revenue estimates and expenditure levels to prevent financial difficulties in the future. The Revenue Estimating Committee, established in 2012, continues to monitor revenue forecasts.

MAJOR INITIATIVES

Several important documents, most significantly the City's Comprehensive Plan, help guide the development future of the City based on (1) quality of life, (2) relationship to existing plans and regulations, (3) feasibility to prioritize policy and design alternatives and (4) geographic proximity to Port Everglades (over 80% of the Port is located in Hollywood), Fort Lauderdale-Hollywood International Airport (located only two miles from the City limits), and major transportation corridors (I-95, Turnpike, 441/SR7, etc.). While few vacant parcels exist in the City, many parcels can be characterized as "under-developed," and therefore appear to be poised for redevelopment.

Significant redevelopment activity in recent years includes the following initiatives:

- Sintavia – this Tier One metal additive manufacturer is constructing a new approximately 55,000 square foot advanced manufacturing facility in Hollywood within the Port 95 Commerce Park. The approximately \$15 million facility will be the headquarters and location for the manufacturing process. Their processes are critical for industries including Aerospace & Defense, Oil & Natural Gas, Automotive, and Ground Power Generation.
- Quantum Marine – a new headquarters designed within a Tree Preservation Area including a state-of-the-art facility with approximately 30,000 square feet of office and warehouse space. Construction completed in 2016 and the company celebrated their grand opening in early 2017.
- Hyde Resort & Residences – consists of 367 luxury hotel units and 40 residential units. This \$250 million project was developed by the Related Group and completed in 2017.
- FPL Plant at Port Everglades – Florida Power & Light constructed a new \$1.2 billion natural gas power plant at Port Everglades to replace a 1960's era oil-fired plant. Completion of the new power plant was finalized in 2016. This was finalized in 2016.
- The Place at Hollywood and Hollywood Plaza – completed in early 2016 and has over 300,000 square feet of new and redeveloped space. It is thriving with national retailers such as Walmart, Pollo Tropical, TD Bank,

Ross, Burlington, Bank of America, Aldi's Grocery Store, Race Trac Convenience Store and Fuel Station, Carrabba's/Outback Take-Out, and more.

- Costa Hollywood – the former Hollywood Grande site on Hollywood Beach was redeveloped into one of South Florida's premiere mixed-use condo/hotel developments at an investment of approximately \$150 million. It features 304 condo hotel units, 11,000 square feet of retail space, 24,000 square feet of restaurant space, meeting space as well as a gym and spa along with a 225-car parking facility.
- Hollywood Circle – a 25-story mixed-use development was built on Young Circle and includes 397 upscale rental apartments ideal for those seeking an exciting urban environment. The development includes a uniquely branded 104-room boutique hotel, The Circ; a supermarket; and approximately 15,000 square feet of additional prime retail space at the street level. The project was completed in April 2018.
- The Preserve at Emerald Hills – this development on the former site of Lake Eden is a master planned community consisting of approximately 30 luxury townhomes and 77 luxury single family homes. The private community features open recreational space for residents. This \$60 million project was developed by MG3 Developers. Phase I is completed with homeowners moving in while Phase II gets underway.
- Parkview at Hillcrest – an approximately 243 acre residential development is a joint project between Pulte Homes, Inc. and Concord Wilshire consisting of 645 single family homes and townhomes. This development is nearly completed.
- Toyota of Hollywood – this redevelopment consists of a brand new \$25 million dealership that includes a showroom, office, service area and a five story parking garage at an estimated 408,000 square feet.
- Seaside Village – this \$38 million project features 15 waterfront condo units and 8 luxury single family homes on Hollywood's North Beach. Homeowners are moving in while the final 4 single family homes are constructed.
- Chewy.com – Chewy.com, a national online supplier of pet friendly merchandise, built out a new customer service center in Hollywood in October 2017. Located within the Hollywood Hills Shopping Center, Chewy.com leased and renovated an approximately 80,000 square foot facility for a customer care center and offices for the expanding company. The relocation brought more than 1,000 new jobs to the City, making Chewy.com one of the City's largest employers.

Several major initiatives are underway in the City which includes infrastructure improvements and development of condominium, luxury rental and resort projects. Major initiatives include the following projects:

- State Road 7 Improvement Project – scheduled to be completed in 2019, US 441/State Road 7 in Hollywood will feature six traffic lanes, landscaped safety medians, new lighting and sidewalks, bicycle lanes and bus bays. Additionally, there is the installation of sewer lines to service the corridor. The project is being undertaken by the Florida Department of Transportation (FDOT), Broward Metropolitan Planning Organization and the City of Hollywood. The City has worked with FDOT to develop required dry retention areas along the corridor into linear parks that will make State Road 7 visually appealing and safer for pedestrians, residents, businesses and motorists.
- Hollywood Boulevard Complete Streets Project is nearing the completion of Phase I, which includes demolition, new elevations, installation of an underground drainage system, street lights, pavement, pedestrian walks, new parking configuration, mid-block crossings, street light mast arms and new center medians. Phase II will immediately follow with the installation of new landscaping and irrigation.
- Young Circle Commons – this \$80 million project is an approved mixed-use development located at the southwest corner of Hollywood Boulevard and Young Circle. This development will include 166 upscale residential units, 103 hotel rooms with 30,000 square feet of retail space on the first floor.
- Parc Place by MG3 – this four phase development, located on the southeast corner of South Federal Highway and Young Circle, upon completion, will total over 360,000 square feet with 431 multi-family units and approximately 20,000 square feet of commercial/retail space on the lower level.
- ROC 441 – the estimated \$48 million mixed-use project will be located at the northeast corner of US 441 and Griffin Road in close proximity to the Seminole Hard Rock Hotel and Casino. The plan calls for an 8-story apartment building with 180 units, a Wawa with 16 fueling stations, a Wendy's restaurant, and a self-storage facility. This development will add to continued growth of new development along the US 441/State Road 7 corridor in Hollywood.
- Pinnacle at Peacefield – through a Public/Private Partnership, Pinnacle at Peacefield is an affordable senior-living project by Pinnacle Development. This \$15 million project will consist of 120 total affordable units

- Pinnacle at Peacefield – through a Public/Private Partnership, Pinnacle at Peacefield is an affordable senior-living project by Pinnacle Development. This \$15 million project will consist of 120 total affordable units for seniors in the Hollywood area. The site is conveniently located in close proximity to Downtown Hollywood and Hollywood Boulevard with easy access to transportation infrastructure. Developers have broken ground and estimate resident occupancy in spring 2020.
- Memorial Joe DiMaggio expansion – Memorial Healthcare System’s Joe DiMaggio Children's Hospital is undergoing an approximately \$97 million expansion to add over 156,000 square feet to its existing facilities vertically by adding four floors. It will consolidate pediatric healthcare services (i.e. ICU, Operating Rooms, and Cardiac Surgery) on the same floor and expand private and semi-private rooms.
- Hyde Beach House – a 2.4 acre site along Hollywood Beach’s Intracoastal that will feature 342 luxury units and ground retail space.
- Sol Van Buren – residential development to include seven two-story walk-up loft units on the ground floor, with the remaining units on the third floor and above.
- H3 Hollywood - a 14 story mixed-use project is under construction with 433 apartments, retail space and parking garage planned for the property at 2165 Van Buren Street in downtown Hollywood.
- Nevada Street Garage – a 304-space public garage on Hollywood Beach situated between Nebraska and Nevada Streets along the A1A and North Surf Road. The garage features Real-Time Parking Space Availability, ParkMobile and Pay-By-Plate options, eight handicap accessible spots and two electric vehicle charging stations.

The City remains committed to providing stellar services, continuing infrastructure improvements, maintaining regulatory controls, spurring economic development, increasing business recruitment and stimulating the marketplace citywide.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hollywood, Florida for its Comprehensive Annual Financial Report for the year ended September 30, 2017. This was the forty-third consecutive year the City has received this prestigious national award. The City received this recognition by publishing a report that was well organized and readable and satisfied both generally accepted accounting principles and applicable legal requirements.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Financial Services Department as well as various City departments and component units. Additionally, credit should be given to the Mayor, Vice Mayor and the City Commissioners for their policy initiatives, interest and continued support.

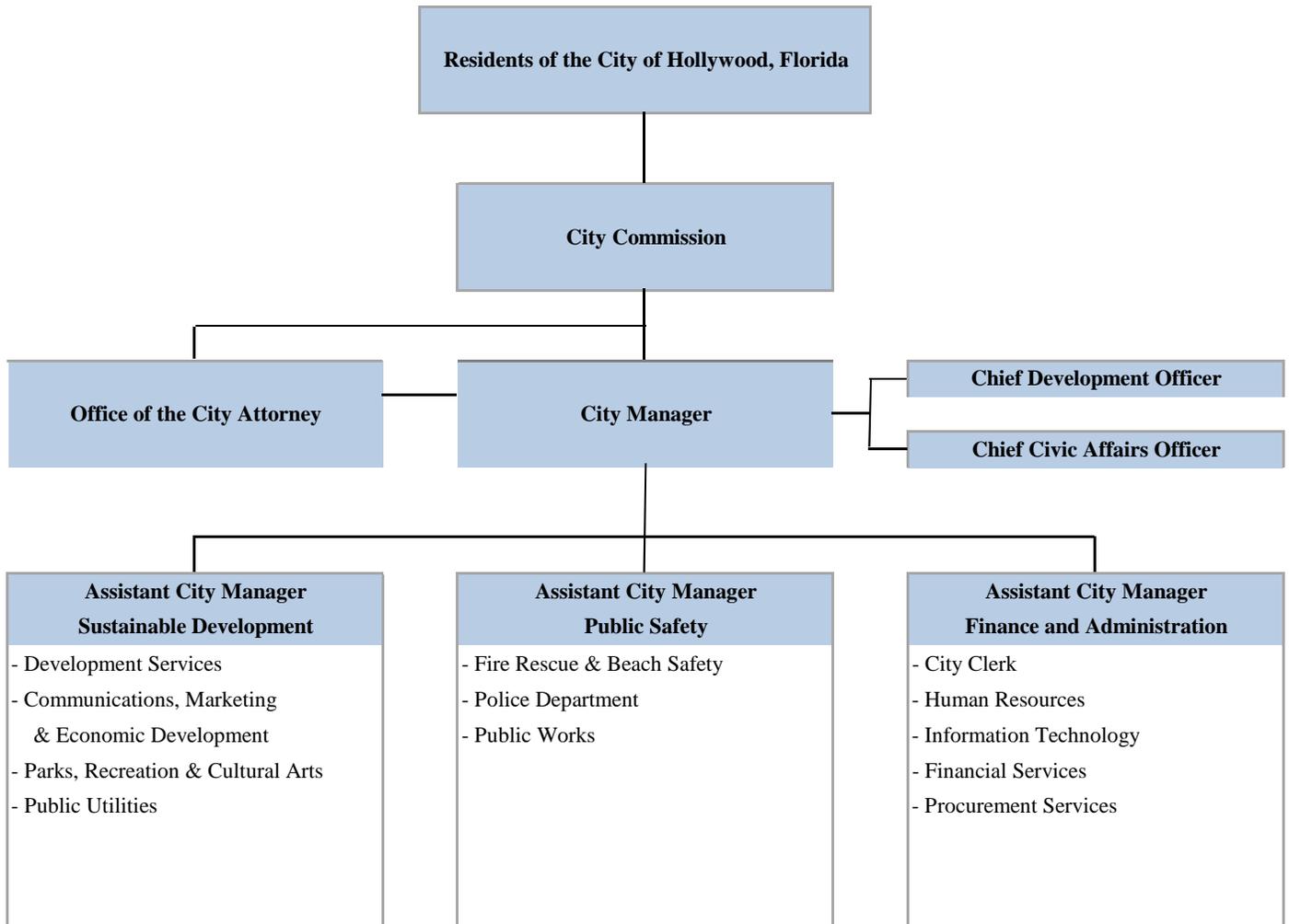
Respectfully submitted,


Wazin Ishmael, Ph.D.
City Manager


Cintya Ramos
Director, Financial Services Department

CITY OF HOLLYWOOD, FLORIDA

**ORGANIZATIONAL CHART
AS OF SEPTEMBER 30, 2018**



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission and City Manager
City of Hollywood, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Hollywood, Florida (the City), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Hollywood Firefighters' Pension System and City of Hollywood Police Officers' Retirement System (collectively, the Plans), which represent 55%, 60% and 42%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plans is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note IV to the financial statements, in 2018 the City adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This standard significantly changed the accounting and reporting of the City's other post-employment benefits (OPEB) liability. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 25, the schedules of changes in the City's net pension liability and related ratios, the schedules of City's proportionate share of the net pension liability, the schedules of City contributions – pensions, schedule of changes in the City's Total OPEB liability and related ratios, and budgetary comparison schedules for the general fund and major special revenue funds on pages 134 through 147 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited

procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Marcum LLP

Fort Lauderdale, FL
June 6, 2019

(THIS PAGE INTENTIONALLY LEFT BLANK)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – See accompanying independent auditors' report)

The City offers readers of its financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the letter of transmittal and financial statements.

FINANCIAL HIGHLIGHTS

Under the Government-wide Statements Section:

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of fiscal year 2018 by \$412.0 million, net result of \$1,532.4 million in liabilities and deferred inflows and \$1,120.4 million in assets and deferred outflows.
- The City's total net position decreased by approximately \$357.1 million in fiscal year 2018 primarily due to an decrease in net positions of business-type activities and governmental activities by \$35.8 million and \$321.3 million respectively.
- The deficit in unrestricted net position for governmental activities was at \$779.6 million, an increase of the deficit of \$328.2 million when compared to the prior year. The City's unrestricted net position was negatively impacted by the implementation of GASB Statement No. 75 (GASB 75) Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions, which required the City to record its unfunded liability for Other Post-Employment Benefits (OPEB). There was an adjustment to reduce the beginning net positions for governmental activities and business type activities by \$310.5 million and \$66.7 million respectively.
- The City's total debt reflected a net decrease of \$27.5 million during the current fiscal year.

Under the Fund Statements Section:

- As of the end of fiscal year 2018, the City's governmental funds reported combined ending fund balances of \$120.6 million, an increase of \$9.6 million which was a result of the following:
 - Increase of \$16.4 million in the General Fund due primarily to an increase in property taxes of \$12.3 million, an increase in charges for services of \$2.4 million, increase in licenses and permits of \$2.3 million, increase in intergovernment of \$1.5 million, offset by an increase in expenditures of \$9.8 million
 - Decrease of \$3.4 million in General Capital Outlay Fund due to ongoing capital projects. No new borrowing was done for the General Capital Outlay Fund in FY 2018.
 - Increase of \$1.7 million in the Beach Community Redevelopment Fund primarily due to increase in property tax increment. No new borrowing was done for the Beach Community Redevelopment Fund.
 - Increase of \$0.4 million in the Downtown Community Redevelopment Fund was due to a decrease in expenditures.
 - Decrease of \$5.4 million in other governmental funds was due to costs associated for Hurricane Irma recorded in the Emergency and Disaster Relief Fund.
- During the year, the City's governmental expenditures and financing totaled \$258.2 million compared to \$267.8 million generated in revenues and other financing sources for governmental programs.
- At the end of fiscal year 2018, fund balance for the General Fund was \$72.1 million or 38.0% of General Fund expenditures and 37% of General Fund expenditures and transfers out. Of this balance, \$9.5 million was committed for economic stabilization reserves, \$5.0 million was assigned for the subsequent year's budget and \$57.6 million was unassigned and available for new spending.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report follows a format consisting of four parts – Management's Discussion and Analysis (this section), the basic financial statements, Required Supplementary Information, and an optional section that presents combining

statements for non-major governmental funds, non-major enterprise funds, internal service funds and fiduciary funds. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services like public safety were financed in the short-term, as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the water and sewer utility.
 - Fiduciary fund statements provide information about the financial relationships – such as the retirement plans for the City’s employees, in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of unaudited Required Supplementary Information that further explains and supports the information in the financial statements.

Following is a summary of the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Major features of the Government-wide and Fund Financial Statements

	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses, such as the water and sewer system	Instances in which the City is the trustee or agent for someone else’s resources, such as the retirement plans for City employees
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All additions and reductions during year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS – The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City’s assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, transportation, economic environment, physical environment, culture and recreation and emergency and disaster relief. The business-type activities of the City include water and sewer, sanitation, stormwater, golf, parking and records preservation activities.

The government-wide financial statements include not only the City itself (the primary government), but also two districts of the legally separate Community Redevelopment Agency (CRA) and Emerald Hills Safety Enhancement dependent district. Financial information for the CRA component units is blended with the financial information presented for the primary government itself, since board members are the same as the members of the City Commission and the CRA provides services that exclusively benefit certain areas of the City. Financial information for the Emerald Hills Safety Enhancement District is discretely presented and is reported as a separate column on the government-wide financial statements to emphasize that it is legally separate from the primary government.

In addition, the City has three defined benefit pension plans and one defined contribution pension plan established for the exclusive benefit of its employees and beneficiaries. The CRA has a defined contribution plan for its employees. The pension plans are reported as fiduciary funds in the fund financial statements of this report, but are not included in the government-wide statements.

FUND FINANCIAL STATEMENTS – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

GOVERNMENTAL FUNDS – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City’s near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve (12) individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, General Capital Projects Fund, Beach Community Redevelopment Fund (BCRA) and Downtown Community Redevelopment Fund (DCRA) all of which are considered to be major funds. Data from the other eight (8) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

The City adopts an annual appropriation budget for all funds. A budgetary comparison statement has been provided for the General Fund as Required Supplementary Information in this report to demonstrate compliance with the budget. Also included as Required Supplementary Information are budgetary comparison statements for the Beach Community Redevelopment Fund and the Downtown Community Redevelopment Fund reflecting annual appropriations adopted by the CRA Board.

PROPRIETARY FUNDS – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, stormwater, sanitation, golf, parking and records preservation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses internal service funds to account for its central services and insurance operations. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of its operations that are considered to be major funds of the City. Both internal service funds balances have been incorporated into the functions of the governmental activities that benefited from these services. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

FIDUCIARY FUNDS – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

NOTES TO THE FINANCIAL STATEMENTS – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as budgetary comparison schedules for the General Fund and the CRA Funds and data concerning the City’s progress in funding its obligation to provide pension and other postemployment benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The two government-wide statements report the City’s net position and how it has changed. Table 1 presents net position – the difference between the City’s assets/deferred outflows and liabilities/deferred inflows.

- Over time, increases or decreases in net position may serve as one way to measure the City’s financial health or position.
- Items that may affect revenues are economic conditions, changes in funding from intergovernmental and grant revenues and market impacts on investment income. Factors such as changes in service demand levels, salary increases and inflation affect expenses.
- Other nonfinancial factors such as changes in the City’s property tax base and the condition of the City’s infrastructure should be considered in assessing the overall health of the City.

Table 1
Summary of Net Position
As of September 30, 2018 and 2017
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 217,124	\$ 202,060	\$ 245,331	\$ 229,628	\$ 462,455	\$ 431,688
Capital Assets	<u>174,666</u>	<u>172,470</u>	<u>331,097</u>	<u>322,375</u>	<u>505,763</u>	<u>494,845</u>
Total Assets	<u>391,790</u>	<u>374,530</u>	<u>576,428</u>	<u>552,003</u>	<u>968,218</u>	<u>926,533</u>
Deferred Outflows of Resources	<u>136,598</u>	<u>124,263</u>	<u>15,570</u>	<u>12,337</u>	<u>152,168</u>	<u>136,600</u>
Long-term Liabilities Outstanding	1,068,555	779,983	282,929	229,780	1,351,484	1,009,763
Other Liabilities	<u>51,016</u>	<u>53,707</u>	<u>37,728</u>	<u>35,068</u>	<u>88,744</u>	<u>88,775</u>
Total Liabilities	<u>1,119,571</u>	<u>833,690</u>	<u>320,657</u>	<u>264,848</u>	<u>1,440,228</u>	<u>1,098,538</u>
Deferred Inflows of Resources	<u>81,672</u>	<u>16,654</u>	<u>10,506</u>	<u>2,812</u>	<u>92,178</u>	<u>19,466</u>
Net Position:						
Net Investment in Capital Assets	71,886	65,894	186,154	164,263	258,040	230,157
Restricted	34,865	33,995	64,916	64,238	99,781	98,233
Unrestricted (Deficit)	<u>(779,606)</u>	<u>(451,440)</u>	<u>9,765</u>	<u>68,179</u>	<u>(769,841)</u>	<u>(383,261)</u>
Total Net Position	<u>\$ (672,855)</u>	<u>\$ (351,551)</u>	<u>\$ 260,835</u>	<u>\$ 296,680</u>	<u>\$ (412,020)</u>	<u>\$ (54,871)</u>

By far the largest portion of the City's assets (52%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt and any associated deferred inflows or outflows, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$99.8 million represents resources that are subject to external restrictions on how they may be used.

During the year, the City's governmental activities experienced an increase in total assets of \$17.2 million primarily as a result of an increase in investments. Long-term liabilities outstanding also experienced an increase of \$288.6 million primarily due to increases in net pension liability and other post employment benefit liability.

Business-type activities had a decrease in its net position by \$35.8 million due primarily to implementation of GASB 75.

In summary, the combined net position of the City decreased by \$357.1 million, substantially as a result of the implementation of GASB statement No. 75 – OPEB.

The following charts illustrate net position for business-type activities.

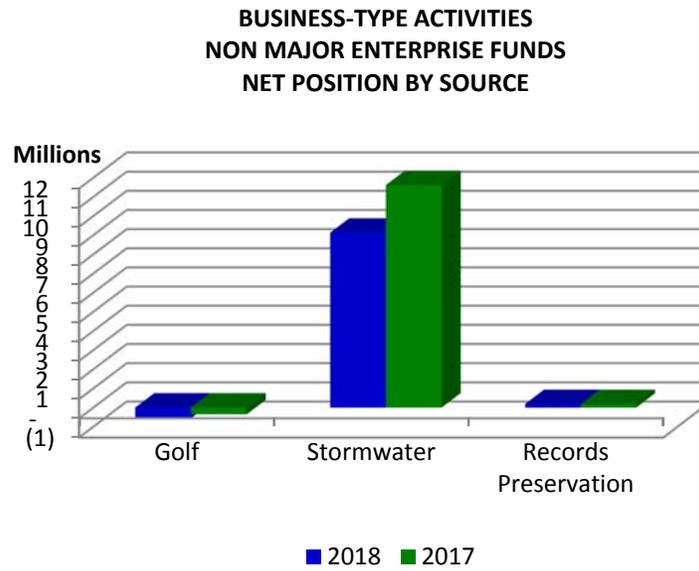
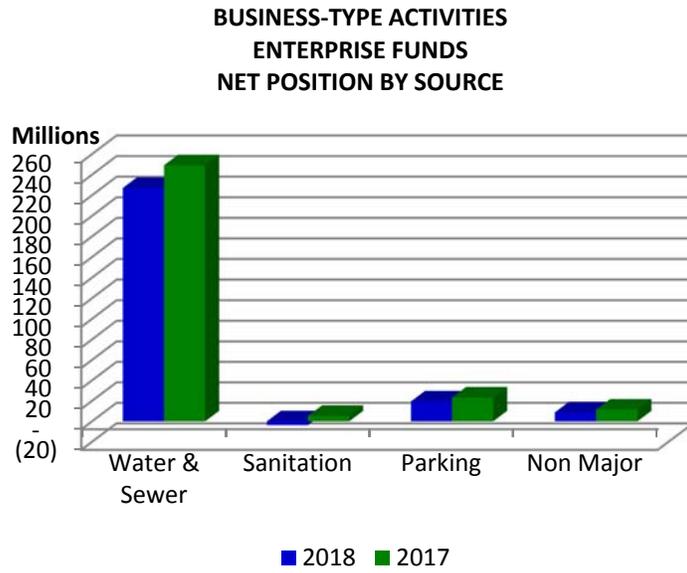


Table 2 presents a summary of the City's operations for fiscal year 2018 with comparative information for fiscal year 2017.

Table 2
Summary Changes in Net Position
As of September 30, 2018 and 2017
(\$ in thousands)

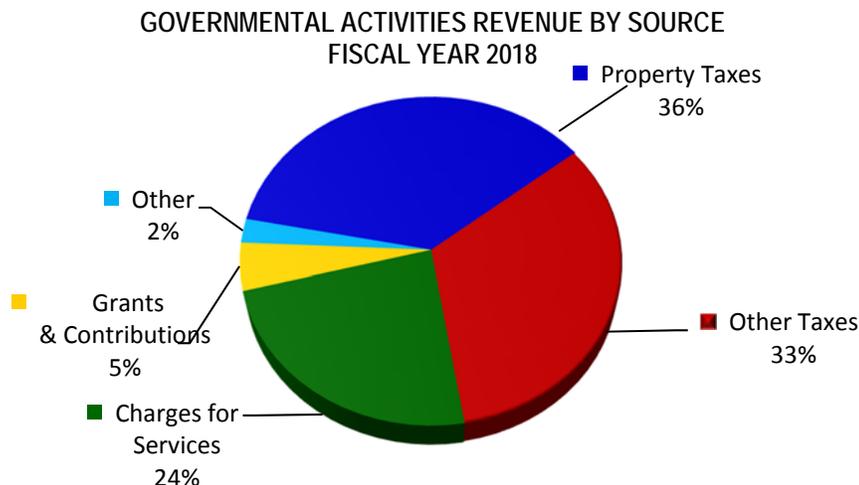
	Governmental		Business-type		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 60,562	\$ 55,105	\$ 125,967	\$ 124,231	\$ 186,529	\$ 179,336
Operating Grants and Contributions	3,929	3,895	47	0	3,976	3,895
Capital Grants and Contributions	82	658	2,803	2,731	2,885	3,389
General Revenues:						
Property Taxes	92,955	80,755	0	0	92,955	80,755
Other Taxes	84,510	80,226	0	0	84,510	80,226
Grants and Contributions not Restricted to Specific Programs						
Other	7,842	7,025	0	0	7,842	7,025
Other	6,019	3,679	3,246	3,231	9,265	6,910
Total Revenues	<u>255,899</u>	<u>231,343</u>	<u>132,063</u>	<u>130,193</u>	<u>387,962</u>	<u>361,536</u>
Expenses:						
General Government	34,331	36,963	0	0	34,331	36,963
Public Safety	155,948	160,110	0	0	155,948	160,110
Public Works	13,047	15,400	0	0	13,047	15,400
Transportation	3,375	5,041	0	0	3,375	5,041
Economic Environment	6,767	6,641	0	0	6,767	6,641
Physical Environment	7,100	1,551	0	0	7,100	1,551
Culture and Recreation	14,850	14,815	0	0	14,850	14,815
Emergency and Disaster Relief	7,002	3,293	0	0	7,002	3,293
Interest and Fiscal Charges	4,509	4,973	0	0	4,509	4,973
Water	0	0	27,276	29,604	27,276	29,604
Sewer	0	0	42,248	41,754	42,248	41,754
Sanitation	0	0	12,804	12,539	12,804	12,539
Stormwater	0	0	2,472	2,238	2,472	2,238
Golf	0	0	2,088	2,411	2,088	2,411
Parking	0	0	7,280	7,080	7,280	7,080
Other	0	0	34	28	34	28
Total Expenses	<u>246,929</u>	<u>248,787</u>	<u>94,202</u>	<u>95,654</u>	<u>341,131</u>	<u>344,441</u>
Increase (Decrease) in Net Position Before Transfers	8,970	(17,444)	37,861	34,539	46,831	17,095
Transfers In (Out)	<u>6,980</u>	<u>6,059</u>	<u>(6,980)</u>	<u>(6,059)</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position	15,950	(11,385)	30,881	28,480	46,831	17,095
Net Position - October 1	(351,551)	(340,166)	296,680	268,200	(54,871)	(71,966)
Restatement of Net Position (Note IV.I.3.)	<u>(337,254)</u>	<u>0</u>	<u>(66,726)</u>	<u>0</u>	<u>(403,980)</u>	<u>0</u>
Net Position - September 30	<u>\$ (672,855)</u>	<u>\$ (351,551)</u>	<u>\$ 260,835</u>	<u>\$ 296,680</u>	<u>\$ (412,020)</u>	<u>\$ (54,871)</u>

GOVERNMENTAL ACTIVITIES – Governmental activities decreased the City’s net position by \$348.6 million. The overall decrease in governmental activities net position was due to a prior period adjustment of \$337.3 million. Net position increased by \$16.0 million due to revenues and transfers of \$262.9 million exceeding expenses of \$246.9 million (see Note IV.H.3.). The following describes the changes in revenues and expenses:

- Total revenues of \$255.9 million for governmental activities showed an overall increase of \$24.6 million due to:
 - Increase in property taxes of \$12.2 million during the year, as a result of a 15.6% tax increase in the taxable assessed values with no increase in the operating millage rate levied.
 - Increase of \$4.3 million collected for other taxes due to improving economy.
 - Increase of \$5.5 million in charges for services is due to increase in level of services provided.
 - Increase in other revenues and grants of \$2.7 million.

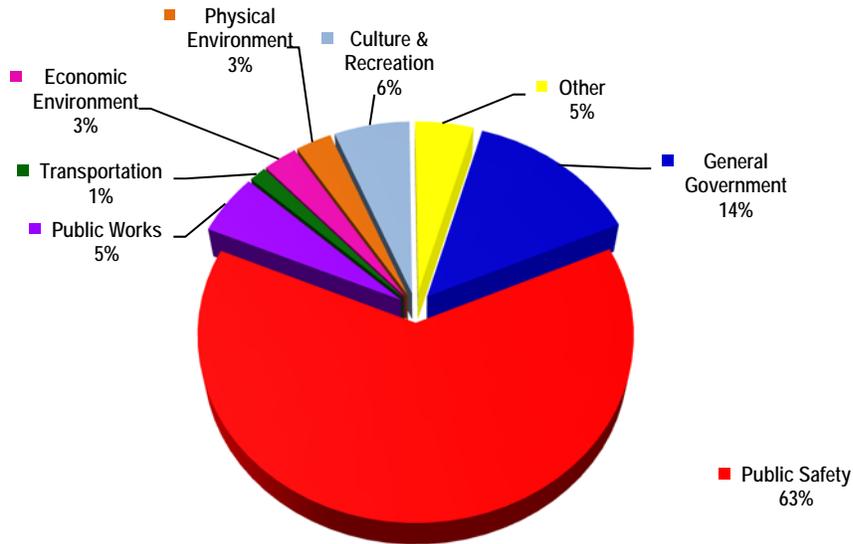
- Total expenses of \$246.9 million for governmental activities showed an overall decrease of \$1.9 million due to:
 - Decrease of \$2.6 million general government expenses from fiscal year 2017 mostly due to decrease in pension liability offset by increases in expenses.
 - Decrease of \$4.2 million in public safety expenses during fiscal year 2018 was due to a decrease in pension liability.
 - Decrease of \$2.4 million in public works in 2018 resulted from an overall decrease in cost related to infrastructure for Public Works versus fiscal year 2017.
 - Decrease of \$1.6 million in transportation expenses in 2018 resulted from an overall decrease in expenses from Beach Community Redevelopment.
 - Increases of \$5.7 million in both economic environment and physical environment expenses due to overall increase in capital outlay for Beach Community Redevelopment.
 - Increase of \$3.7 million in Emergency Disaster Relief due to debris removal cost from Hurricane Irma.
 - Decrease of \$.5 million in interest and fiscal charges due to repayment of various loans.

The following chart compares program revenues for governmental activities for fiscal year 2018:



The following chart illustrates expenses by source for governmental activities for fiscal year 2018.

**GOVERNMENTAL ACTIVITIES EXPENSE BY SOURCE
FISCAL YEAR 2018**

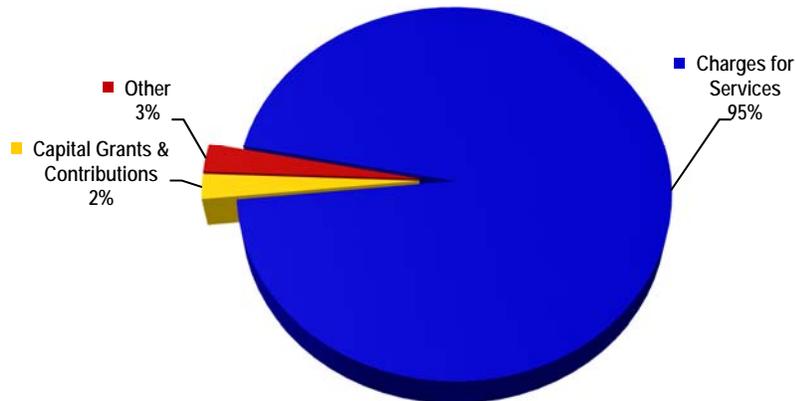


BUSINESS-TYPE ACTIVITIES – Business-type activities net position decreased by approximately \$35.8 million due to implementation of GASB 75. Depreciation charges of \$18.2 million were \$1.7 million lower than the prior fiscal year. Operating expenses remained constant from FY 2017 at 89.9 million.

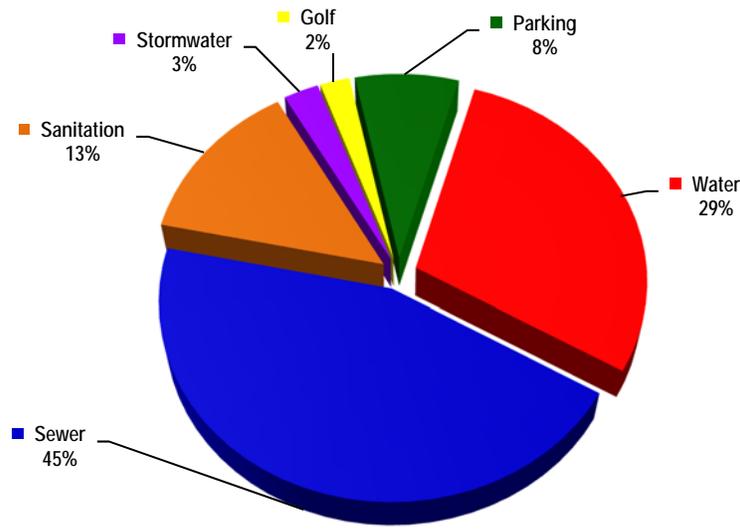
During fiscal year 2018, business-type activities recorded transfers of approximately \$7.0 million for payments in lieu of taxes to the City’s General Fund.

The following charts show revenues and expenses for business-type activities for fiscal year 2018.

**BUSINESS-TYPE ACTIVITIES REVENUE BY SOURCE
FISCAL YEAR 2018**



**BUSINESS-TYPE ACTIVITIES EXPENSE BY SOURCE
FISCAL YEAR 2018**



FINANCIAL ANALYSIS OF CITY FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS – The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2018, total fund balance of the General Fund was \$72.1 million and was classified as \$9.5 million committed, \$5.0 million assigned and \$57.6 million unassigned. The City’s minimum unrestricted fund balance is 30.4% of General Fund operating expenditures. Fund balances comprised of committed, assigned and unassigned amounts represent 12.6% of General Fund operating expenditures.

The General Capital Projects fund balance of \$9.5 million represents unavailable assets held for sale and committed, restricted and assigned funds for future capital projects.

The BCRA records overlapping governmental revenue and grants for financing redevelopment activity in the beach redevelopment district. Due to the multi-year nature of redevelopment activities, funds may be accumulated for the purpose of providing funding for ongoing or planned construction projects. Fund balance for this fund totaled approximately \$34.5 million at September 30, 2018 and is restricted for specified activities of the fund. Fund balance increased by \$1.7 million during the current fiscal year from property taxes incremental.

The DCRA records overlapping governmental revenue and grants for financing redevelopment activity in the downtown redevelopment district. Due to the multi-year nature of redevelopment activities, funds may be accumulated for the purpose of providing funding for ongoing or planned construction projects. Fund balance for this fund totaled approximately \$3.6 million at September 30, 2018 and is restricted for specified activities of the fund. Fund balance increased by \$0.4 million during the current fiscal year due to a decrease in expenditures and increase in revenues.

PROPRIETARY FUNDS – The City’s proprietary funds provide the same type of information found in the Government-wide Financial Statements, but in more detail.

Unrestricted net position of the Water and Sewer Utility Fund and Sanitation Enterprise Fund at the end of the fiscal year amounted to \$1.8 million and (\$3.6) million, respectively. The City’s Regional Wastewater Treatment Facility provides services to residents of the City and those of six (6) other jurisdictions in southern Broward County. The terms and conditions of these services are set in Large User Wastewater Agreements entered into with those local governments. The Parking Enterprise Fund had unrestricted net position at fiscal year-end of (\$.6) million.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the City budget was amended for the following purposes:

- Revenue budgets were increased by approximately \$413,860 in total due to expected fiscal year 2018 collections exceeding original budget estimates for charges for services.
- Budget appropriations not including operating transfers in/out increased by \$3.7 million. This affected multiple divisions mainly, Building Inspection \$1.6 million, Human Resources \$1.2 million and Parks and Recreation \$0.6 million respectively.

Total revenues for the year were higher than the amended revenues by approximately \$12.3 million. The most significant variances were attributed to actual revenues above budget by 2.5 for licenses and permits, \$2.1 million for utility service and franchise taxes, \$3.5 million for charges for services, \$2.7 million for intergovernmental revenues and \$1.5 million for interest, other taxes and miscellaneous revenues.

Overall, General Fund expenditures were less than final budgeted expenditures by \$43.5 million. This positive variance was due primarily to actual costs being less than expected; contingencies \$35 million, public safety for \$4.1 million, general government for \$2.6 million, public works for \$312 thousand, transportation for \$113 thousand, economic environment for \$359 thousand, culture and recreation for \$868 thousand.

The General Fund fund balance at year end was \$72.1 million or \$16.4 million higher than beginning fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS – The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$505.8 million (net of accumulated depreciation) as presented in Table 3. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, streets, roads, and bridges. The total increase in the City’s investment in capital assets for fiscal year 2018 was 2.2% or \$11 million (a 1.3% increase for governmental activities and a 2.7% increase for business-type activities).

The most notable capital asset event occurring during the year was a net increase of \$3.3 million in construction in progress for business-type activities indicating the construction program underway in the Water and Sewer Utility Fund. Governmental activities reflect an increase of construction in progress of \$6.8 million due to ongoing projects of which \$2.0 million is related to the Fire Station #45 replacement, \$2.1 million for construction of Nebraska/Nevada St. Public Parking Garage, \$1.5 million for ERP System, \$.5 million for Beach Maintenance Facility, \$.3 million for Lighting Upgrade, and a large decrease in buildings and improvements of \$3.7 million due to depreciation expense.

Table 3
Capital Assets
As of September 30, 2018 and 2017
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 42,901	\$ 42,901	\$ 6,285	\$ 6,285	\$ 49,186	\$ 49,186
Buildings and Improvements - net	74,249	77,878	284,782	279,513	359,031	357,391
Machinery and Equipment - net	14,619	15,064	1,610	1,487	16,229	16,551
Infrastructure - net	24,633	25,085	0	0	24,633	25,085
Construction in Progress	18,264	11,542	38,420	35,090	56,684	46,632
Total	\$ 174,666	\$ 172,470	\$ 331,097	\$ 322,375	\$ 505,763	\$ 494,845

Additional information on the City's capital assets can be found in Note III.E. of this report.

LONG-TERM DEBT – At the end of fiscal year 2018, the City had total bonded debt outstanding of \$286.9 million. Of this amount, \$10.745 million is special obligation bonds and loans, \$13.0 million in capital leases and \$34.6 million in a general obligation note. The remainder of the City's debt represents bonds and loans secured solely by specified revenue sources (i.e., revenue bonds).

Table 4
Outstanding Debt
As of September 30, 2018 and 2017
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds and Loans	\$ 36,435	\$ 38,940	\$ 0	\$ 0	\$ 36,435	\$ 38,940
Other Loans and Notes	10,745	14,735	1,357	1,756	12,102	16,491
Revenue Bonds and Loans	78,822	86,204	135,196	145,584	214,018	231,788
Capital Leases	7,794	6,937	5,246	6,173	13,040	13,110
	133,796	146,816	141,799	153,513	275,595	300,329
Bond Premium	7,871	9,527	3,477	4,598	11,348	14,125
Total	\$ 141,667	\$ 156,343	\$ 145,276	\$ 158,111	\$ 286,943	\$ 314,454

* Difference between this total and total presented in the Government-Wide Statement of Net Position is the fair value of a swap of \$325,673. See Note III.I.1.

During fiscal year 2018, the City's total debt decreased by \$27.5 million. Due to the repayment of existing debt, governmental activities experienced a net decrease in debt of \$14.7 million and business-type activities experienced a reduction of \$12.8 million.

The City maintains an "A1" rating from Moody's for its most recent borrowing, the \$36,890,000 Capital Improvement Revenue and Refunding Bonds, Series 2016A. On March 29, 2018 the Beach Community Redevelopment Agency also received a rating increase from A3 to A2 from Moody's for its Series 2015 Redevelopment Revenue and Refunding Bonds.

Additional information on the City's capital leases and long-term debt can be found in Notes III.H. and III.I. of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate in the City averaged 3.5% during fiscal year 2018 based on information obtained from the U. S. Department of Labor, Bureau of Labor Statistics, and is lower than the average rate of 4.3% a year ago. This rate is lower than the state and national average unemployment rate of approximately 3.7% and 4.0% respectively.

Inflationary trends in the region increased on average 3.2% for fiscal year 2018 which is higher than the 2.4% shown in similar national indices (i.e. Consumer Price Index).

All of these factors were considered in preparing the City's budget for fiscal year 2019. The budget was also developed using conservative assumptions of revenues and moderate growth for expenditures. The City adopted an operating millage rate of 7.4665 which was a slight increase of 0.0186 mills from fiscal year 2018. As a result of a 9.04% increase in the City's taxable property values, property tax revenues are expected to increase by approximately \$9.4 million.

Fiscal year end fund balance in the General Fund was \$72.1 million and is classified as \$9.5 million committed, \$5.0 million assigned and \$57.6 million unassigned.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Financial Services, 2600 Hollywood Boulevard, Hollywood, Florida 33020.

(THIS PAGE INTENTIONALLY LEFT BLANK)

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Governmental Activities	Business-type Activities	Total	Component Unit Emerald Hills Safety District
ASSETS:				
Cash	\$ 509,245	\$ 101,630	\$ 610,875	\$ 55,763
Investments	167,182,887	134,185,397	301,368,284	0
Accounts Receivable - Net of Allowances	4,858,645	18,989,677	23,848,322	44,625
Notes Receivable - Net of Allowances	27,644,497	0	27,644,497	0
Reinsurance Receivable	1,539,040	0	1,539,040	0
Due from External Party	174,265	0	174,265	0
Due from Other Governments	3,640,990	0	3,640,990	0
Internal Balances	(7,463,656)	7,463,656	0	0
Inventories of Supplies	180,477	1,489,084	1,669,561	0
Prepaid Items	0	35,025	35,025	0
Assets Held for Sale	952,590	0	952,590	0
Restricted Assets:				
Cash	0	1,195,672	1,195,672	0
Investments	15,660,429	81,322,923	96,983,352	0
Interest Receivable	0	237,782	237,782	0
Notes Receivable - Net of Allowances	2,043,067	0	2,043,067	0
Assets Held for Sale	201,925	0	201,925	0
Assessments - Net of Allowances	0	309,643	309,643	0
Capital Assets:				
Non Depreciable	61,165,195	44,705,102	105,870,297	0
Depreciable - Net	113,500,976	286,391,936	399,892,912	0
TOTAL ASSETS	391,790,572	576,427,527	968,218,099	100,388
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Pension Contributions	48,099,982	7,143,552	55,243,534	0
Deferred Outflow for Pension Assets	9,383,603	2,192,422	11,576,025	0
Deferred Outflow for Pension Liability	76,687,468	5,900,118	82,587,586	0
Deferred Charge on Refunding	2,100,926	333,975	2,434,901	0
Deferred Derivative Instrument	325,673	0	325,673	0
TOTAL DEFERRED OUTFLOWS OF RESOURCES	136,597,652	15,570,067	152,167,719	0
LIABILITIES:				
Vouchers Payable	7,291,493	3,122,607	10,414,100	0
Accrued Wages	1,926,891	72,900	1,999,791	0
Construction Contracts	2,272,773	215,163	2,487,936	0
Due to Other Governments	2,758,548	152,440	2,910,988	0
Interest Payable	1,109,218	84,114	1,193,332	0
Unearned Revenue	2,364,129	0	2,364,129	0
Deposits Payable	640,864	40,658	681,522	0
Payable from Restricted Assets:				
Construction Contracts	926,662	7,910,673	8,837,335	0
Interest Payable	0	861,846	861,846	0
Landfill Closure Cost Obligation	88,817	0	88,817	0
Deposits	0	9,929,675	9,929,675	0

(Continued)

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Governmental Activities	Business-type Activities	Total	Component Unit Emerald Hills Safety District
LIABILITIES (Continued):				
Noncurrent Liabilities:				
Due Within One Year:				
Compensated Absences	\$ 9,794,645	\$ 1,643,646	\$ 11,438,291	\$ 0
Claims Payable	5,324,444	0	5,324,444	0
Bonds, Loans and Leases Payable	16,218,131	13,693,033	29,911,164	0
Other Liabilities	300,000	0	300,000	0
Due in More Than One Year:				
Compensated Absences	5,869,252	1,278,334	7,147,586	0
Claims Payable	9,019,906	0	9,019,906	0
Bonds, Loans and Leases Payable	125,774,583	131,583,849	257,358,432	0
Total Other Postemployment Benefits Liability	488,002,772	103,242,184	591,244,956	0
Net Pension Liability	439,887,661	46,825,751	486,713,412	0
TOTAL LIABILITIES	1,119,570,789	320,656,873	1,440,227,662	0
DEFERRED INFLOWS OF RESOURCES:				
Revenue Received in Advance	29,505,854	0	29,505,854	0
Deferred Inflow for Pension Liabilities	1,017,571	475,819	1,493,390	0
Deferred Inflow for Pension Assets	26,181,505	4,664,514	30,846,019	0
Deferred Inflow for OPEB Liability	24,967,382	5,365,586	30,332,968	0
TOTAL DEFERRED INFLOWS OF RESOURCES	81,672,312	10,505,919	92,178,231	0
NET POSITION:				
Net Investment in Capital Assets	71,886,395	186,154,131	258,040,526	0
Restricted for:				
Future Capital Projects	3,654,740	51,390,101	55,044,841	0
Future Debt Service	345,387	3,525,929	3,871,316	0
Future Grants and Special Programs	2,542,468	0	2,542,468	0
Future Community Development	17,585,350	0	17,585,350	0
Future Community Redevelopment	6,595,219	0	6,595,219	0
Water and Sewer Rate Stabilization Reserve	0	10,000,000	10,000,000	0
Future Police Programs	3,151,578	0	3,151,578	0
Future Other Purposes	989,888	0	989,888	0
Unrestricted (Deficit)	(779,605,902)	9,764,641	(769,841,261)	100,388
TOTAL NET POSITION	\$ (672,854,877)	\$ 260,834,802	\$ (412,020,075)	\$ 100,388

The notes to the financial statements are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services, Fees, Fines and Forfeitures</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS:				
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 34,331,262	\$ 12,718,362	\$ 0	\$ 0
Public Safety:				
Police	87,628,939	2,400,348	255,829	21,851
Fire	61,921,268	29,138,701	784,402	10,000
Other Public Safety	6,397,896	10,893,531		0
Public Works	13,046,656	251,561	0	0
Transportation	3,374,932	75,586	39,989	0
Economic Environment	6,766,823	2,903,865	2,127,818	0
Physical Environment	7,099,984	732,566	0	0
Culture and Recreation	14,850,565	1,447,161	720,626	50,000
Emergency and Disaster Relief	7,002,272	0	0	0
Interest and Fiscal Charges	4,508,839	0	0	0
Total Governmental Activities	<u>246,929,436</u>	<u>60,561,681</u>	<u>3,928,664</u>	<u>81,851</u>
BUSINESS-TYPE ACTIVITIES:				
Water	27,275,789	40,424,810	47,082	468,393
Sewer	42,247,940	57,900,077	0	2,334,016
Sanitation	12,803,867	13,335,519	0	0
Stormwater	2,471,333	3,214,559	0	0
Golf	2,087,878	1,921,701	0	0
Parking	7,279,822	9,136,242	0	0
Other	34,219	33,957	0	0
Total Business-type Activities	<u>94,200,848</u>	<u>125,966,865</u>	<u>47,082</u>	<u>2,802,409</u>
Total Primary Government	<u>\$ 341,130,284</u>	<u>\$ 186,528,546</u>	<u>\$ 3,975,746</u>	<u>\$ 2,884,260</u>
Component Unit				
Emerald Hills Safety District	<u>(36,142)</u>	<u>0</u>	<u>0</u>	<u>0</u>

General Revenues:

Taxes:

- Property Taxes Levied for General Purpose
- Property Taxes Levied for Debt Service
- Property Taxes Incremental
- Utility Service Taxes
- Franchise Taxes
- Sales Tax
- Gas Tax
- Local Business Tax
- Contributions not Restricted to Specific Programs
- Investment Revenue
- Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning, as Previously Reported

Restatement of Net Position for Prior Period Adjustment (See Note IV.I.3.)

Net Position - Beginning, as Restated

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-type Activities	Total	Emerald Hills Safety District
\$ (21,612,900)	\$ 0	\$ (21,612,900)	\$ 0
(84,950,911)	0	(84,950,911)	0
(31,988,164)	0	(31,988,164)	0
4,495,635	0	4,495,635	0
(12,795,095)	0	(12,795,095)	0
(3,259,357)	0	(3,259,357)	0
(1,735,140)	0	(1,735,140)	0
(6,367,418)	0	(6,367,418)	0
(12,632,778)	0	(12,632,778)	0
(7,002,272)	0	(7,002,272)	0
(4,508,839)	0	(4,508,839)	0
<u>(182,357,239)</u>	<u>0</u>	<u>(182,357,239)</u>	<u>0</u>
0	13,664,496	13,664,496	0
0	17,986,153	17,986,153	0
0	531,652	531,652	0
0	743,226	743,226	0
0	(166,177)	(166,177)	0
0	1,856,420	1,856,420	0
0	(262)	(262)	0
<u>0</u>	<u>34,615,508</u>	<u>34,615,508</u>	<u>0</u>
<u>(182,357,239)</u>	<u>34,615,508</u>	<u>(147,741,731)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(36,142)</u>
89,281,725	0	89,281,725	0
3,673,369	0	3,673,369	0
35,366,155	0	35,366,155	0
21,004,379	0	21,004,379	0
12,910,801	0	12,910,801	0
10,137,189	0	10,137,189	0
2,760,348	0	2,760,348	0
2,331,517	0	2,331,517	136,524
7,842,375	0	7,842,375	6
2,880,881	2,420,022	5,300,903	0
3,138,337	825,641	3,963,978	0
6,980,411	(6,980,411)	0	0
<u>198,307,487</u>	<u>(3,734,748)</u>	<u>194,572,739</u>	<u>136,530</u>
15,950,248	30,880,760	46,831,008	100,388
(351,551,424)	296,680,213	(54,871,211)	0
<u>(337,253,701)</u>	<u>(66,726,171)</u>	<u>(403,979,872)</u>	<u>0</u>
<u>(688,805,125)</u>	<u>229,954,042</u>	<u>(458,851,083)</u>	<u>0</u>
\$ <u>(672,854,877)</u>	\$ <u>260,834,802</u>	\$ <u>(412,020,075)</u>	\$ <u>100,388</u>

CITY OF HOLLYWOOD, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>General</u>	<u>General Capital Projects</u>	<u>Beach Community Redevelopment</u>
ASSETS:			
Cash	\$ 11,200	\$ 0	\$ 200
Investments	57,853,290	5,774,850	31,450,698
Accounts Receivable - Net of Allowances	4,796,750	36,895	0
Notes Receivable - Net of Allowances	0	0	0
Due from Other Funds	12,977,446	0	0
Due from Other Governments	2,490,976	0	12,750
Inventories of Supplies	37,298	0	0
Assets Held for Sale	0	952,590	0
Restricted Assets:			
Investments	88,817	3,511,162	11,955,157
Notes Receivable - Net of Allowances	0	0	0
Assets Held for Sale	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$ <u><u>78,255,777</u></u>	\$ <u><u>10,275,497</u></u>	\$ <u><u>43,418,805</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
LIABILITIES:			
Vouchers Payable	\$ 1,722,095	\$ 165,853	\$ 643,410
Accrued Wages and Leave	1,799,275	0	38,148
Construction Contracts Payable	0	411,720	804,441
Due to Other Funds	0	0	3,992,520
Due to Other Governments	0	0	2,758,548
Unearned Revenue	0	0	0
Deposits Payable	279,185	50,126	0
Payable from Restricted Assets:			
Construction Contracts Payable	0	107,910	713,459
Landfill Closure	88,817	0	0
Total Liabilities	<u>3,889,372</u>	<u>735,609</u>	<u>8,950,526</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable or Advanced Revenue	<u>2,269,971</u>	<u>0</u>	<u>0</u>
FUND BALANCES:			
Nonspendable	37,298		0
Restricted	0	3,403,252	34,468,279
Committed	9,482,991	5,184,046	0
Assigned	4,983,798	952,590	0
Unassigned	57,592,347	0	0
Total Fund Balances	<u>72,096,434</u>	<u>9,539,888</u>	<u>34,468,279</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u><u>78,255,777</u></u>	\$ <u><u>10,275,497</u></u>	\$ <u><u>43,418,805</u></u>

The notes to the financial statements are an integral part of this statement.

Downtown Community Redevelopment	Other Governmental Funds	Total Governmental Funds
\$ 200	\$ 20,200	\$ 31,800
4,223,322	12,814,996	112,117,156
0	25,000	4,858,645
0	27,644,497	27,644,497
0	0	12,977,446
0	1,137,264	3,640,990
0	0	37,298
0	0	952,590
85,208	20,085	15,660,429
0	2,043,067	2,043,067
0	201,925	201,925
<u>\$ 4,308,730</u>	<u>\$ 43,907,035</u>	<u>\$ 180,165,844</u>
\$ 441,158	\$ 3,253,666	\$ 6,226,182
5,576	9,845	1,852,844
0	0	1,216,161
216,829	6,934,056	11,143,405
0	0	2,758,548
0	2,364,129	2,364,129
3,577	307,976	640,864
85,208	20,085	926,662
0	0	88,817
<u>752,348</u>	<u>12,889,757</u>	<u>27,217,612</u>
<u>0</u>	<u>30,062,272</u>	<u>32,332,243</u>
0	0	37,298
3,556,382	9,759,470	51,187,383
0	20,613	14,687,650
0	1,123,197	7,059,585
0	(9,948,274)	47,644,073
<u>3,556,382</u>	<u>955,006</u>	<u>120,615,989</u>
<u>\$ 4,308,730</u>	<u>\$ 43,907,035</u>	<u>\$ 180,165,844</u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Fund Balances - Governmental Funds	\$	120,615,988
Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		166,118,839
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of September 30, 2017 and pension contributions subsequent to the measurement date are recorded as deferred pension contributions.		46,265,448
The differences between expected and actual experience in the measurement of total pension liability is reported as a deferred outflow of resources and amortized over the average remaining employees' service life.		74,259,172
Internal Service Funds are used by management to charge the costs of fleet management, management information systems and self insurance activities to individual funds. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position.		(1,880,039)
Revenue reported as unavailable revenue in the governmental funds are recognized in the Statement of Activities. These are included in the intergovernmental revenues in governmental activities.		2,826,388
Accrued interest payable for the current portion of interest due on debt has not been reported in the governmental funds.		(953,422)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (Note II.A.).		(143,464,569)
Other post employment benefits are not due and payable in the current period and, therefore, are not reported in the funds		(463,065,394)
In the Statement of Net Position the excess of the plans total pension liability over the plans fiduciary net positions are reported as a net pension liability.		(424,463,252)
The difference between the projected and actual earnings on the pension plan investments is reported as deferred inflow of resources and amortized over a five year period.		(16,199,573)
Deferred Inflows of Resources related to other post employment benefits are not recorded in the governmental funds: however, they are reported in the statement of net position under full accrual accounting		(23,791,034)
Adjustment to Enterprise Funds for Internal Service Funds look-back.		<u>(9,123,429)</u>
Net Position of Governmental Activities	\$	<u><u>(672,854,877)</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>General</u>	<u>General Capital Projects</u>	<u>Beach Community Redevelopment</u>
REVENUES:			
Property Taxes	\$ 89,224,612	\$ 0	\$ 15,565,218
Utilities Service Taxes	21,004,379	0	0
Franchise Taxes	12,877,467	0	0
Licenses and Permits	10,305,229	0	0
Intergovernmental	18,605,067		12,797,067
Charges for Services	49,198,890	651,428	0
Fines and Forfeitures	0	0	0
Investment Revenue	823,914	187,886	680,163
Miscellaneous	2,963,758	50,000	71,880
Total Revenues	<u>205,003,316</u>	<u>889,314</u>	<u>29,114,327</u>
EXPENDITURES:			
Current:			
General Government	21,122,840	0	8,841,331
Public Safety	140,341,543	0	0
Public Works	12,228,745	0	0
Transportation	2,296,307	0	0
Economic Environment	1,359,468	0	891,359
Physical Environment	0	0	0
Culture and Recreation	10,099,652	0	555,708
Emergency and Disaster Relief	0	0	0
Other	2,211,265	0	0
Capital Outlay:			
General Government	0	1,904,179	2,365,872
Public Safety	0	2,310,467	76,660
Transportation	0	1,230,771	0
Physical Environment	0	0	7,528,900
Culture and Recreation	0	304,950	0
Debt Service:			
Principal	0	0	5,210,000
Interest and Fiscal Charges	0	0	1,992,884
Total Expenditures	<u>189,659,820</u>	<u>5,750,367</u>	<u>27,462,714</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,343,496</u>	<u>(4,861,053)</u>	<u>1,651,613</u>

<u>Downtown Community Redevelopment</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,926,193	\$ 3,673,369	\$ 112,389,392
0	0	21,004,379
0	0	12,877,467
0	0	10,305,229
3,202,875	6,629,876	41,234,885
0	331,707	50,182,025
0	1,284,204	1,284,204
62,307	307,870	2,062,140
80,550	95,091	3,261,279
<u>7,271,925</u>	<u>12,322,117</u>	<u>254,600,999</u>
3,092,786	0	33,056,957
0	1,594,587	141,936,130
0	0	12,228,745
0	0	2,296,307
152,731	1,422,560	3,826,118
20,000	0	20,000
0	755,839	11,411,199
0	7,002,272	7,002,272
0	40,787	2,252,052
420,888	0	4,690,939
0	333,279	2,720,406
304,627	183,965	1,719,363
78,390	0	7,607,290
0	0	304,950
2,172,294	6,599,559	13,981,853
585,507	2,997,663	5,576,053
<u>6,827,224</u>	<u>20,930,511</u>	<u>250,630,636</u>
<u>444,702</u>	<u>(8,608,394)</u>	<u>3,970,364</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>General</u>	<u>General Capital Projects</u>	<u>Beach Community Redevelopment</u>
OTHER FINANCING SOURCES			
(USES):			
Transfers In	\$ 6,458,568	\$ 1,485,000	\$ 39,989
Transfers Out	<u>(5,431,001)</u>	<u>(48,243)</u>	<u>(16,300)</u>
Total Other Financing Sources (Uses)	<u>1,027,567</u>	<u>1,436,757</u>	<u>23,689</u>
Change in Fund Balances	16,371,063	(3,424,296)	1,675,302
Fund Balances - Beginning	55,725,371	12,964,184	32,792,976
Restatement of Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Beginning, as Restated	<u>55,725,371</u>	<u>12,964,184</u>	<u>32,792,976</u>
Fund Balances - Ending	\$ <u><u>72,096,434</u></u>	\$ <u><u>9,539,888</u></u>	\$ <u><u>34,468,278</u></u>

The notes to the financial statements are an integral part of this statement.

(Continued)

<u>Downtown Community Redevelopment</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 5,262,397	\$ 13,245,954
<u>0</u>	<u>(2,104,038)</u>	<u>(7,599,582)</u>
<u>0</u>	<u>3,158,359</u>	<u>5,646,372</u>
444,702	(5,450,035)	9,616,735
3,111,681	33,165,600	137,759,812
<u>0</u>	<u>(26,760,559)</u>	<u>(26,760,559)</u>
<u>3,111,681</u>	<u>6,405,041</u>	<u>110,999,253</u>
\$ <u><u>3,556,383</u></u>	\$ <u><u>955,006</u></u>	\$ <u><u>120,615,989</u></u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Difference in amounts reported for Governmental Activities in the Statement of Activities:

Net Change in Fund Balances - Governmental Funds	\$	9,616,735
Capital outlay, reported as expenditures in Governmental Funds, are shown as capital assets in the Statement of Net Position.		11,717,101
Depreciation expenses on governmental capital assets are included in the Governmental Activities in the Statement of Net Position.		(9,479,102)
Revenues in the Statement of Activities that do not provide current financial resources are not reported in the funds.		285,936
Repayment of long-term debt is reported as an expenditure in Governmental Funds, but as a reduction of long-term liabilities in the Statement of Net Position (Note II.B.).		13,981,853
The net revenues of the Internal Service Funds (funds used to charge the costs of certain activities to individual funds) are reported with Governmental Activities.		
Adjustment to Governmental Activities for Internal Service Funds look-back		5,907,083
Nonoperating Revenue (Expense)		659,928
Elimination of Transfers from Internal Service Funds		1,174,011
Certain items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.		
Net cost of Capital Asset dispositions		(177,672)
Change in Accrued Interest expense on long-term debt		98,482
Change in Total Other Postemployment Benefits Liability		(14,360,650)
Change in Net Pension Liabilities and related inflows and outflows		(4,527,451)
Change in Deferred Charge on Refunding		(276,396)
Change in Bond Premium		1,597,540
Payout of accrued leave is reported as an expenditure in the Governmental Funds but as a reduction of long-term liabilities in the Statement of Net Position.		(267,150)
Changes in Net Position of Governmental Activities	\$	15,950,248

The notes to the financial statements are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer Utility	Sanitation Enterprise	Parking Enterprise
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
ASSETS:			
CURRENT ASSETS:			
Cash	\$ 700	\$ 0	\$ 800
Investments	100,195,699	9,544,825	12,971,964
Accounts Receivable - Net of Allowances	15,964,729	2,335,178	130,975
Reinsurance Receivable	0	0	0
Inventories of Supplies	1,489,085	0	0
Prepaid Items	0	0	35,025
Restricted Assets:			
Cash	0	0	0
Investments	17,769,301	820,210	0
Total Current Assets	<u>135,419,514</u>	<u>12,700,213</u>	<u>13,138,764</u>
NONCURRENT ASSETS:			
Restricted Assets:			
Cash	1,195,672	0	0
Investments	62,620,730	0	112,682
Interest Receivable	237,782	0	0
Total Restricted Assets	<u>64,054,184</u>	<u>0</u>	<u>112,682</u>
Capital Assets:			
Land	3,697,837	63,890	1,561,650
Buildings	51,179,195	1,165,148	32,745,335
Improvements	553,730,015	92,240	1,844,317
Machinery and Equipment	4,880,274	21,395	1,960,418
Accumulated Depreciation	(351,098,735)	(1,277,643)	(14,535,781)
Construction in Progress	38,419,603	0	0
Total Capital Assets	<u>300,808,189</u>	<u>65,030</u>	<u>23,575,939</u>
Other Assets:			
Assessments - Net of Allowances	309,643	0	0
Total Noncurrent Assets	<u>365,172,016</u>	<u>65,030</u>	<u>23,688,621</u>
Total Assets	<u>500,591,530</u>	<u>12,765,243</u>	<u>36,827,385</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Contributions	5,931,499	375,510	547,032
Deferred Outflow for Pension Assets	1,808,028	99,531	153,461
Deferred Outflow for Pension Liability	4,900,155	248,170	492,968
Deferred Charge on Refunding	333,975	0	0
Total Deferred Outflows of Resources	<u>12,973,657</u>	<u>723,211</u>	<u>1,193,461</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>513,565,187</u>	<u>13,488,454</u>	<u>38,020,846</u>

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 100,130	\$ 101,630	\$ 477,445
11,472,909	134,185,397	55,065,731
558,795	18,989,677	0
0	0	1,539,040
0	1,489,085	143,179
0	35,025	0
0	0	0
0	18,589,511	0
<u>12,131,834</u>	<u>173,390,325</u>	<u>57,225,395</u>
0	1,195,672	0
0	62,733,412	0
0	237,782	0
<u>0</u>	<u>64,166,866</u>	<u>0</u>
962,122	6,285,499	0
2,935,048	88,024,726	1,141,350
12,048,436	567,715,008	0
1,784,713	8,646,800	44,990,029
(11,082,439)	(377,994,598)	(37,584,048)
0	38,419,603	0
<u>6,647,880</u>	<u>331,097,038</u>	<u>8,547,331</u>
0	309,643	0
<u>6,647,880</u>	<u>395,573,547</u>	<u>8,547,331</u>
<u>18,779,715</u>	<u>568,963,873</u>	<u>65,772,726</u>
289,510	7,143,551	1,834,533
131,402	2,192,422	591,392
258,825	5,900,118	1,573,057
0	333,975	0
<u>679,737</u>	<u>15,570,066</u>	<u>3,998,982</u>
<u>19,459,452</u>	<u>584,533,939</u>	<u>69,771,708</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer Utility	Sanitation Enterprise	Parking Enterprise
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
LIABILITIES:			
CURRENT LIABILITIES:			
Vouchers Payable	\$ 1,453,668	\$ 1,432,623	\$ 107,359
Accrued Wages and Leave	1,301,046	86,236	179,828
Construction Contracts	0	0	0
Due to Other Funds	0	0	0
Due to Other Governments	0	0	148,518
Interest Payable	0	0	75,029
Claims Payable	0	0	0
Deposits Payable	0	0	11,489
Payable from Restricted Assets:			
Matured Bonds and Interest	861,846	0	0
Construction Contracts	7,797,991	0	112,682
Deposits	9,109,464	820,210	0
Bonds Payable - Net	6,535,709	0	0
Capital Lease Obligations	592,480	0	377,611
Loans Payable	5,684,519	0	424,420
Total Current Liabilities	33,336,723	2,339,069	1,436,936
NONCURRENT LIABILITIES:			
Accrued Wages and Leave	1,153,309	0	125,025
Claims Payable	0	0	0
Bonds Payable - Net	71,800,500	0	194,948
Capital Lease Obligations	2,611,520	0	1,664,424
Loans Payable	53,474,681	0	932,864
Other Postemployment Benefits Obligation	77,573,336	12,250,561	9,230,954
Net Pension Liability	38,183,665	1,577,388	4,173,890
Total Noncurrent Liabilities	244,797,011	13,827,949	16,322,105
Total Liabilities	278,133,734	16,167,018	17,759,041
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflow for OPEB Liability	4,057,200	660,195	444,131
Deferred Inflow for Pension Assets	3,862,198	202,668	379,204
Deferred Inflow for Pension Liabilities	395,791	19,502	40,452
	8,315,189	882,365	863,787
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	286,448,923	17,049,383	18,622,828
NET POSITION:			
Net Investment in Capital Assets	160,442,754	65,030	19,981,672
Restricted for:			
Future Capital Projects	51,390,101	0	0
Future Debt Service	3,525,929	0	0
Rate Stabilization	10,000,000	0	0
Unrestricted	1,757,480	(3,625,959)	(583,654)
TOTAL NET POSITION	\$ 227,116,264	\$ (3,560,929)	\$ 19,398,018

The notes to the financial statements are an integral part of this statement.

(Continued)

<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 128,957	\$ 3,122,607	\$ 1,065,311
149,436	1,716,546	539,351
215,163	215,163	1,056,612
1,659,775	1,659,775	0
3,922	152,440	0
9,085	84,114	155,796
0	0	5,324,444
29,169	40,658	0
0	861,846	0
0	7,910,673	0
0	9,929,674	0
0	6,535,709	127,062
0	970,091	999,766
78,293	6,187,232	53,950
<u>2,273,800</u>	<u>39,386,528</u>	<u>9,322,292</u>
0	1,278,334	474,582
0	0	9,019,906
0	71,995,448	4,000,568
0	4,275,944	5,822,480
904,912	55,312,457	121,731
4,187,331	103,242,182	24,937,378
2,890,808	46,825,751	15,424,408
<u>7,983,052</u>	<u>282,930,117</u>	<u>59,801,053</u>
<u>10,256,852</u>	<u>322,316,645</u>	<u>69,123,345</u>
204,060	5,365,586	1,176,348
220,444	4,664,514	1,229,001
20,074	475,819	123,053
<u>444,577</u>	<u>10,505,918</u>	<u>2,528,402</u>
<u>10,701,429</u>	<u>332,822,563</u>	<u>71,651,747</u>
5,664,675	186,154,131	0
0	51,390,101	0
0	3,525,929	0
0	10,000,000	0
<u>3,093,348</u>	<u>641,215</u>	<u>(1,880,039)</u>
\$ <u><u>8,758,023</u></u>	\$ <u><u>251,711,376</u></u>	\$ <u><u>(1,880,039)</u></u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

RECONCILIATION OF THE STATEMENT OF NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Net Position - Proprietary Funds	\$ 251,711,376
Adjustment to Enterprise Funds for Internal Service Funds look-back	<u>9,123,426</u>
Net Position of Business-type Activities	<u>\$ 260,834,802</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer Utility	Sanitation Enterprise	Parking Enterprise
OPERATING REVENUES:			
Intergovernmental	47,083	0	0
Charges for Sales and Services	\$ 97,514,275	\$ 13,310,375	\$ 8,379,370
Fines and Forfeitures	0	15,094	676,264
Miscellaneous	810,614	10,050	80,608
Total Operating Revenues	98,371,972	13,335,519	9,136,242
OPERATING EXPENSES:			
Personal Services and Benefits	24,744,824	1,710,720	3,282,988
Supplies, Services and Claims	24,111,693	11,195,586	2,464,679
Depreciation	16,236,525	651	1,408,391
Total Operating Expenses	65,093,042	12,906,957	7,156,058
Operating Income (Loss)	33,278,930	428,561	1,980,184
NONOPERATING REVENUES (EXPENSES):			
Investment Revenue	2,044,654	117,858	127,717
Interest Expense	(5,895,166)	0	(208,194)
Other Income (Expense)	1,013,735	0	(6,436)
Total Nonoperating Revenues (Expenses)	(2,836,777)	117,858	(86,913)
Income (Loss) Before Contributions and Transfers	30,442,153	546,419	1,893,271
CONTRIBUTIONS:			
Capital Contributions	2,802,409	0	0
TRANSFERS IN (OUT):			
Transfers In	350,882	0	16,300
Transfers Out	(5,169,195)	(1,205,044)	(302,956)
Total Transfers In (Out)	(4,818,313)	(1,205,044)	(286,656)
Change in Net Position	28,426,249	(658,625)	1,606,615
Net Position - Beginning, as Previously Reported	249,145,151	5,307,851	23,314,598
Restatement of Net Position for Prior Period Adjustment (See Note IV.I.3.)	(50,455,136)	(8,210,155)	(5,523,195)
Net Position - Beginning, as Restated	198,690,015	(2,902,304)	17,791,403
Net Position - Ending	\$ 227,116,264	\$ (3,560,929)	\$ 19,398,018

The notes to the financial statements are an integral part of this statement.

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
0	47,083	0
\$ 4,906,791	\$ 124,110,811	\$ 63,650,659
0	691,358	0
<u>263,426</u>	<u>1,164,698</u>	<u>3,375,548</u>
<u>5,170,217</u>	<u>126,013,950</u>	<u>67,026,207</u>
1,397,634	31,136,166	7,852,133
2,877,335	40,649,293	48,198,332
<u>506,740</u>	<u>18,152,307</u>	<u>3,474,995</u>
<u>4,781,709</u>	<u>89,937,766</u>	<u>59,525,460</u>
<u>388,508</u>	<u>36,076,183</u>	<u>7,500,747</u>
129,793	2,420,022	578,922
(56,607)	(6,159,967)	(352,412)
<u>(181,658)</u>	<u>825,641</u>	<u>433,418</u>
<u>(108,472)</u>	<u>(2,914,304)</u>	<u>659,928</u>
<u>280,036</u>	<u>33,161,879</u>	<u>8,160,675</u>
<u>0</u>	<u>2,802,409</u>	<u>0</u>
40,000	407,182	1,533,750
(473,793)	(7,150,988)	(436,315)
<u>(433,793)</u>	<u>(6,743,806)</u>	<u>1,097,435</u>
<u>(153,757)</u>	<u>29,220,482</u>	<u>9,258,110</u>
11,449,464	289,217,064	3,490,855
(2,537,684)	(66,726,170)	(14,629,004)
<u>8,911,780</u>	<u>222,490,894</u>	<u>(11,138,149)</u>
\$ <u>8,758,023</u>	\$ <u>251,711,376</u>	\$ <u>(1,880,039)</u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Net Change in Net Position - Proprietary Funds	\$	29,220,482
Net revenue of the Internal Service Funds (funds used to charge the costs of certain activities to individual funds) is reported with Governmental Activities.		
Consolidated adjustment to Enterprise Funds for Internal Service Funds look-back		<u>1,660,278</u>
Changes in Net Position of Business-type Activities	\$	<u><u>30,880,760</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer Utility	Sanitation Enterprise	Parking Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers, Employees and Other Governments	\$ 97,322,475	\$ 13,326,488	\$ 8,971,746
Cash Received from Other Funds	0	0	0
Payments to Suppliers for Goods and Services	(23,905,140)	(11,476,092)	(2,582,765)
Payments to Employees for Services	(22,140,144)	(1,383,222)	(2,948,040)
Other Operating Receipts (Payments)	<u>810,614</u>	<u>10,050</u>	<u>80,608</u>
Net Cash Provided (Used) by Operating Activities	<u>52,087,805</u>	<u>477,223</u>	<u>3,521,549</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers In	350,882	0	16,300
Transfers Out	<u>(5,169,195)</u>	<u>(1,205,044)</u>	<u>(302,956)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(4,818,313)</u>	<u>(1,205,044)</u>	<u>(286,656)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Bonds and Other Borrowings - Net	858,419	0	0
Principal Paid on Bonds, Notes and Equipment Contracts	(12,079,107)	0	(748,749)
Interest Paid on Bonds, Notes and Equipment Contracts	(8,003,950)	0	(233,356)
Proceeds from Sale of Equipment	0	0	0
Acquisition and Construction of Capital Assets	(22,439,096)	0	(620,618)
Cash Contributed from Customers, Other Funds and Governments	<u>4,758,736</u>	<u>0</u>	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(36,904,998)</u>	<u>0</u>	<u>(1,602,723)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Sale and Maturities of Investment Securities	110,125,440	14,117,540	7,831,581
Purchase of Investment Securities	(155,617,595)	(13,507,578)	(9,591,467)
Investment Revenue	<u>1,846,657</u>	<u>117,858</u>	<u>127,717</u>
Net Cash Provided (Used) by Investing Activities	<u>(43,645,498)</u>	<u>727,821</u>	<u>(1,632,170)</u>
Net Increase (Decrease) in Cash	(33,281,004)	0	0
Cash - October 1	<u>34,477,376</u>	<u>0</u>	<u>800</u>
Cash - September 30	<u>\$ 1,196,372</u>	<u>\$ 0</u>	<u>\$ 800</u>

<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 5,145,476	\$ 124,766,185	\$ 5,988,907
0	0	57,661,752
(2,984,173)	(40,948,170)	(51,371,832)
(1,213,711)	(27,685,117)	(7,216,141)
<u>0</u>	<u>901,272</u>	<u>2,396,818</u>
<u>947,592</u>	<u>57,034,169</u>	<u>7,459,504</u>
40,000	407,182	1,533,750
<u>(473,793)</u>	<u>(7,150,988)</u>	<u>(436,315)</u>
<u>(433,793)</u>	<u>(6,743,806)</u>	<u>1,097,435</u>
0	858,419	2,267,573
(103,761)	(12,931,617)	(1,309,511)
(57,321)	(8,294,627)	(392,414)
0	0	0
(319,264)	(23,378,978)	(3,203,921)
<u>0</u>	<u>4,758,736</u>	<u>0</u>
<u>(480,346)</u>	<u>(38,988,067)</u>	<u>(2,638,273)</u>
5,914,285	137,988,846	58,231,464
(6,077,531)	(184,794,171)	(64,774,814)
<u>129,793</u>	<u>2,222,025</u>	<u>578,922</u>
<u>(33,453)</u>	<u>(44,583,300)</u>	<u>(5,964,428)</u>
0	(33,281,004)	(45,762)
<u>100,130</u>	<u>34,578,306</u>	<u>408,945</u>
<u>\$ 100,130</u>	<u>\$ 1,297,302</u>	<u>\$ 363,183</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer Utility	Sanitation Enterprise	Parking Enterprise
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED (USED)			
BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 33,278,930	\$ 428,561	\$ 1,980,184
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	16,236,525	651	1,408,391
Change in Assets, Liabilities and Deferred Inflows/Outflows:			
(Increase) Decrease in Accounts Receivable	(532,861)	(65,735)	(90,291)
(Increase) Decrease in Reinsurance Receivable	0	0	0
(Increase) Decrease in Inventory	56,354	0	0
(Increase) Decrease in Prepaid Items	0	0	(19,448)
(Increase) Decrease in Deferred Outflows of Resources	(2,782,463)	(152,579)	(370,777)
Increase (Decrease) in Vouchers Payable	150,199	(280,507)	(104,769)
Increase (Decrease) in Accrued Wages and Leave	127,431	1,917	0
Increase (Decrease) in Claims Payable	0	0	25,265
Increase (Decrease) in Due to Other Governments	0	0	6,130
Increase (Decrease) in Unearned Revenue	27,409	0	0
Increase (Decrease) in Deposits Payable	266,569	66,755	6,403
Increase (Decrease) in Total Other Postemployment Benefits Liability	(1,609,244)	(261,859)	(176,160)
Increase (Decrease) in Net Pension Liability	866,193	(12,152)	206,299
Increase (Decrease) in Deferred Inflows of Resources	<u>6,002,763</u>	<u>752,171</u>	<u>650,322</u>
Total Adjustments	<u>18,808,875</u>	<u>48,662</u>	<u>1,541,365</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 52,087,805</u>	<u>\$ 477,223</u>	<u>\$ 3,521,549</u>
NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES:			
Changes in Fair Value of Investments	\$ (175,850)	\$ (10,501)	\$ (13,137)
Contributions from Other Funds and Governments	0	0	0
Contributions to Other Funds and Governments	<u>(22,033)</u>	<u>0</u>	<u>0</u>
Total Noncash Capital Financing Activities	<u>\$ (197,883)</u>	<u>\$ (10,501)</u>	<u>\$ (13,137)</u>

The notes to the financial statements are an integral part of this statement.

(Continued)

<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ <u>388,508</u>	\$ <u>36,076,183</u>	\$ <u>7,500,747</u>
506,740	18,152,307	3,474,995
90,982	(597,905)	0
0	0	(978,730)
0	56,354	(39,015)
0	(19,448)	0
(53,363)	(3,359,182)	(798,375)
(60,344)	(295,421)	(222,083)
(20,546)	108,802	(13,247)
0	25,265	(2,912,402)
0	6,130	0
(117,617)	(90,208)	0
1,894	341,621	0
(80,938)	(2,128,201)	(466,589)
3,246	1,063,586	267,193
<u>289,030</u>	<u>7,694,286</u>	<u>1,647,010</u>
<u>559,084</u>	<u>20,957,986</u>	<u>(41,243)</u>
\$ <u><u>947,592</u></u>	\$ <u><u>57,034,169</u></u>	\$ <u><u>7,459,504</u></u>
\$ 10,000	\$ (189,488)	\$ (55,876)
0	0	448,406
<u>(174,572)</u>	<u>(196,605)</u>	<u>(6,841)</u>
\$ <u><u>(164,572)</u></u>	\$ <u><u>(386,093)</u></u>	\$ <u><u>385,689</u></u>

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2018

	Total Pension Plans
	<u> </u>
ASSETS:	
Investments	
U. S. Government Securities	\$ 44,168,139
Money Market Funds	11,030,797
Corporate Equities	364,142,858
Corporate Bonds and Other	76,975,045
Mutual Funds	293,103,236
Pooled Investment Funds	<u>87,994,209</u>
Total Investments	877,414,284
Contributions Receivable	4,919,047
Interest Receivable	842,774
Accounts Receivable	1,357,557
Prepaid Items	<u>2,317,679</u>
 TOTAL ASSETS	 <u>886,851,341</u>
 LIABILITIES:	
Vouchers Payable	985,017
Due to Brokers	4,239
Due to Other Funds	<u>174,266</u>
 TOTAL LIABILITIES	 <u>1,163,522</u>
 NET POSITION:	
Restricted for Pension Benefits	\$ <u><u>885,687,819</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Total Pension Plans</u>
ADDITIONS:	
Contributions:	
City	\$ 57,405,789
Local	12,694
Members	<u>6,542,270</u>
Total Contributions	<u>63,960,753</u>
Investment Income:	
Net Increase in Fair	
Value of Plan Investments	64,220,932
Interest and Dividends	<u>16,554,486</u>
	80,775,418
Less: Investment Expense	<u>(3,308,234)</u>
Net Investment Income	<u>77,467,184</u>
Total Additions	<u>141,427,937</u>
DEDUCTIONS:	
Pension Benefits	78,746,190
Refunds of Contributions	529,516
Administrative Expenses	<u>1,817,970</u>
Total Deductions	<u>81,093,676</u>
Change in Net Position	60,334,261
Net Position Restricted for Pension	
Benefits - Beginning of Year	<u>825,353,558</u>
Net Position Restricted for Pension	
Benefits - End of Year	<u>\$ 885,687,819</u>

The notes to the financial statements are an integral part of this statement.

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

INDEX TO
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Page No.</u>
NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	53
A. Financial Reporting Entity	53
B. Government-wide and Fund Financial Statements	54
C. Measurement Focus, Basis of Accounting and Financial Statement Presentation	54
D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position	56
1. Pooled Cash and Investments	56
2. Accounts and Property Tax Receivables	56
3. Reinsurance Receivable	56
4. Due To/Due From	56
5. Inventories	56
6. Assets Held for Sale	56
7. Restricted Assets	57
8. Capital Assets	57
9. Deferred Outflows/Inflows of Resources	58
10. Compensated Absences	58
11. Long-term Obligations	58
12. Unavailable Revenue	59
13. Fund Equity	59
14. Estimates	59
NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS	60
A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position	60
B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities	60
NOTE III – DETAILED NOTES ON ALL FUNDS	61
A. Cash	61
B. Investments	61
1. Interest Rate Risk	64
2. Credit Risk	64
3. Custodial Credit Risk	66
4. Concentration of Credit Risk	66
5. Investment Valuation	66
C. Receivables	75
D. Notes Receivable	76
E. Capital Assets	77
F. Construction Commitments	78
G. Interfund Receivables, Payables and Transfers	79
H. Capital Leases	80
I. Long-term Debt	80
1. Governmental Activities Debt	80
2. Business-type Activities Debt	82
3. Defeasance of Long-term Debt	83
4. Changes in Long-term Liabilities	84
5. Summary of Annual Debt Service Requirements	86
6. Unamortized Premiums and Discounts	87
7. Pledged Revenue	87
J. Nonexchange Financial Guarantees	88
K. Fund Balance Reporting	89
L. Deficit Net Position of Individual Funds	90

CITY OF HOLLYWOOD, FLORIDA

INDEX TO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Page No.</u>
NOTE IV – OTHER INFORMATION	91
A. Restricted Assets	91
B. Assets Held for Sale	92
C. Claims Payable – Insurance Fund	93
D. Contingent Liabilities	93
E. Landfill Closure Costs	94
F. Tax Abatements and Other Incentives	94
G. Other Postemployment Benefits	96
1. Plan Description	96
2. Actuarial Assumptions and other Inputs	96
3. Changes to total OPEB Liability	97
4. OPEB Expense and deferred inflows of Resources Related to OPEB	98
H. Pension Plan Information	99
1. Plan Descriptions	99
2. Plan Membership	99
3. Benefits and Contributions	100
4. Supplemental Pension Distribution Dispute	125
5. Summary of Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to All Pensions of the City	126
6. Defined Contribution Plans	126
7. Deferred Compensation Plans	126
I. Miscellaneous	127
1. Implementation of Government Accounting Standards Board Statements	127
2. Pronouncements Issued but Not Yet Adopted	127
3. Prior Period Adjustments	129
4. Community Redevelopment Notes	129
5. Subsequent Events	131

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the City of Hollywood, Florida's (the City) Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable or has operational responsibility. Component units, although legally separate entities, are in substance part of the City's operations.

The basic financial statements include both government-wide and fund financial statements. The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity.

The City's fiduciary funds are presented in the basic financial statements by type (i.e. pension). Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

- A. **FINANCIAL REPORTING ENTITY** – The City is a political subdivision of the State of Florida, located in Broward County along the lower southeast coast of the State. The City is governed by an elected mayor and six elected commissioners. The City operates under a commission-manager form of government. The City, which was incorporated in 1925 under Section 25-11519, 1925 Laws of Florida, is approximately 30 square miles in area. In addition to the general government, public safety, public works, culture and recreation services provided to its residents, the City operates and provides water and sewer, stormwater, sanitation, golf, parking services and records preservation activities.

The Downtown Community Redevelopment Agency (DCRA) and Beach Community Redevelopment Agency (BCRA) are districts of the Hollywood Community Redevelopment Agency (CRA), which is legally separate from the City. The CRA was established in accordance with Florida Statutes Chapter 163 PART III COMMUNITY REDEVELOPMENT to finance and redevelop the City's designated redevelopment areas. The CRA, whose board members are the same as the members of the City Commission, provides services that exclusively benefit the City's downtown and beach areas. The City has financial and operational responsibility of the CRA. The DCRA and BCRA are blended as other governmental fund component units into the primary government.

The Hollywood Employees' Retirement Fund, Hollywood Firefighters' Pension System and City of Hollywood Police Officers' Retirement System account for separate pension plans for general employees, fire and police personnel, respectively. Each plan is administered by a board of trustees. The pension plans are reported as fiduciary funds in the basic financial statements of this report, but are not included in the government-wide statements. Each of these pension plans issues a publicly available financial report.

In addition, the City has the following dependent districts:

Central Residential Neighborhood Improvement District No. 1 – created on September 7, 1988 by City Ordinances O-88-52 and O-88-78 under State statutory authority Section 163.506 F.S. for the purpose of neighborhood improvement.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

City of Hollywood 441 Corridor Business NID No. 2 – created on November 7, 1988 by City Ordinances O-88-53 and O-88-79 under State statutory authority Section 163.506 F.S. for the purpose of neighborhood improvement.

Emerald Hills Safety Enhancement District – created on August 30, 2017 by City Ordinance O-2018-13 under State statutory authority Section 189.02 F.S. for the purpose of safety enhancement.

Emerald Hills Safety Enhancement District had reportable activity in the 2018 fiscal year and is presented as a discretely presented component unit.

- B. **GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

- C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental activities column, a reconciliation is presented, which briefly explains the adjustments necessary to reconcile funds based on financial statements with the governmental activities column of the government-wide presentation. Under this basis, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other post-employment benefits, pensions, and claims and judgments, are recorded only when payment is due.

Property taxes, utilities service taxes, franchise taxes, licenses, intergovernmental revenues, emergency transportation and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The City reports the following major governmental funds:

The GENERAL FUND is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The GENERAL CAPITAL PROJECTS FUND accounts for general capital improvements financed from various governmental fund resources. This fund is determined as major by management for public interest purpose.

The BEACH COMMUNITY REDEVELOPMENT FUND accounts for overlapping governmental revenue and grants for financing redevelopment projects within the beach redevelopment district.

The DOWNTOWN COMMUNITY REDEVELOPMENT FUND accounts for overlapping governmental revenue and grants for financing redevelopment projects within the downtown redevelopment district. This fund is determined as major by management for public interest purpose.

The City reports the following major proprietary funds:

The WATER AND SEWER UTILITY FUND accounts for the operations of the City's regional water and sewer utility system.

The SANITATION ENTERPRISE FUND accounts for solid waste fees, franchise and recycling revenues, as well as related collection and disposal costs. This fund is determined as major by management for public interest purpose.

The PARKING ENTERPRISE FUND accounts for on-street and parking garage operations. Fund determined as major by management for public interest purpose.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's proprietary fund function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, as well as fees, fines and forfeitures, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues, rather than as program revenues. Likewise, general revenues include all taxes.

The City maintains two different types of proprietary funds; enterprise funds and internal service funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Activities accounted for in the City's major enterprise funds are noted above.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, information technology and communications systems as well as its insurance operations.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by unrestricted resources as they are needed.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION

1. **POOLED CASH AND INVESTMENTS** – The City’s cash and demand deposits are considered to be cash on hand. The City has established an investment policy in accordance with Section 218.415, State Statutes that allows the City to invest in relatively low risk securities. Investments are stated at fair value based on quoted market prices. Resources of all funds, with the exception of the pension funds, have been combined into investment pools for the purpose of maximizing investment yields. Investment revenue is comprised of interest and realized and unrealized gains and losses on investments. Investment revenue on pooled investments is allocated monthly based upon equity balances of the respective funds. As required by GASB Statements these notes include a presentation of deposit and investment risk disclosures.
2. **ACCOUNTS AND PROPERTY TAX RECEIVABLES** – All accounts and property tax receivables are shown net of an allowance for uncollectibles. Accounts receivable in excess of 90 days comprise the accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 100% of outstanding property taxes at September 30, 2018.

Real and personal property values are assessed on a county-wide basis by the Broward County Property Appraiser as of January 1, each year. Taxable value of property within the City is certified by the Property Appraiser on July 1. The City levies a property tax millage rate upon that taxable value to provide revenue required for the fiscal year beginning October 1. Taxes for the fiscal year beginning October 1 are billed in the month of November, subject to a 1% per month discount for the period November through February, and are due not later than March 31. On April 1, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1, tax certificates representing delinquent amounts are sold by Broward County, with remittance to the City for its share of those receipts.

3. **REINSURANCE RECEIVABLE** – The City uses reinsurance to reduce its exposure to large losses on certain lines of insurance as described in Note IV.C. Amounts expected to be received from the reinsurers for claims due under these policies are recorded as such at fiscal year end in the Insurance Fund.
4. **DUE TO/DUE FROM** – Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

5. **INVENTORIES** – Inventories are maintained on a perpetual system and are stated at cost (using the average cost method). Inventories in all funds are recorded as expenditures or expenses when consumed.
6. **ASSETS HELD FOR SALE** – The assets held for sale represent lands and buildings purchased by the City and the DCRA with the expressed intent to sell. These lands and buildings are recorded at the lower of cost or net realizable value. See Note IV.B. for listing of assets held for sale.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

- 7. **RESTRICTED ASSETS** – Certain revenue bond proceeds in various funds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet or statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Certain notes receivable have been pledged as collateral as required by the U.S. Department of Housing and Urban Development for Section 108 funds loaned to the City and are also reflected as restricted assets in the City’s financial statements. Restricted assets in business-type activities originate due to City ordinance bond covenants and other agreements that require segregation and restriction of these assets. See Note IV.A. for listing of major components.

- 8. **CAPITAL ASSETS** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are capitalized based on the accumulated amounts charged to specific capital projects on an annual basis. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one (1) year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned, during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed due to early implementation of GASB 89.

The City records impairment losses on long lived assets used in operations when events or circumstances indicate the assets might be impaired. No impairment losses have been recorded.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 to 40
Building Improvements	5 to 40
Infrastructure	20 to 50
Vehicles	3 to 20
Office Equipment	2 to 15
Computer Software/Hardware	2 to 6

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports five items in this category, interest rate swap, deferred charge on refunding, deferred pension contributions, deferred pension assets and deferred pension liability. The interest rate swap represents the fair value balance of the outstanding derivative instrument. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. The City also reports deferred amounts related to pension contributions made subsequent to the pension plan's actuarial measurement date and will be expensed in the following fiscal year. A deferred pension asset accounts for the net difference between projected and actual earnings on pension plan investments which are deferred and amortized over a closed five year period. A deferred change in pension liability is the difference between expected and actual pension plan experience and changes of pension plan actuarial assumptions, which are deferred and amortized over the average, expected remaining service lives of all employees that are provided with pension benefits.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position applicable to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reports several items in this category, unavailable revenues, deferred pension assets, and deferred other postemployment benefits (OPEB). Unavailable revenues are deferred and recognized as revenues in the period that the amounts become available. Deferred pension assets account for the net difference between projected and actual earnings on pension plan investments which are deferred and amortized over a closed five year period. Deferred Inflows related to OPEB are due to change in assumptions which are deferred, and amortized over a closed period equal to the average of the remaining service lives of all employees (active and inactive employees) that are provided with OPEB.

10. COMPENSATED ABSENCES – It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A portion of accumulated sick pay benefits are paid upon separation, based on number of years of service. All vacation pay and applicable portion of sick pay balances are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
11. LONG-TERM OBLIGATIONS – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond Issuance costs are expensed as incurred except for any bond insurance costs.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures. Payments related to the swap are netted by each party to the other and made on a quarterly basis.

12. **UNAVAILABLE REVENUE** – Unavailable revenue (a deferred inflow of resources) is recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not yet meet the criteria for revenue recognition, such as contract revenue collected in advance, are recorded as deferred inflow of resources in the government-wide and the fund statements.
13. **FUND EQUITY** – The Governmental Accounting Standards Board Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” (GASB 54) established consistency in the fund balance information reported by many governments and enables financial statement users to readily interpret reported fund balance information. This pronouncement requires governmental fund balances be classified as nonspendable, restricted, committed, assigned or unassigned. The City has disclosed information about governmental fund balance reporting as required in the Notes to the Financial Statements.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the City Commission has provided otherwise in its commitment or assignment actions.

Net position of the government-wide and proprietary funds is categorized as investment in capital assets, reduced by accumulated depreciation, any outstanding debt incurred and related deferred inflows/outflows to acquire, construct or improve those assets excluding unexpended bond proceeds, restricted or unrestricted to arrive at net investment in capital assets. This category represents net position related to property, plant, equipment and infrastructure. The restricted category represents the balance of net position restricted by requirements of debt indentures and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

14. **ESTIMATES** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows/outflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management’s estimates.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – The Governmental Fund Balance Sheet includes a reconciliation between Fund Balances – Governmental Funds and Net Position – Governmental Activities as reported in the Government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of the difference are as follows:

Bonds, Loans and Other Payables:	
General Obligation Note	\$ 36,435,000
Capital Improvement Bonds	29,527,279
Redevelopment Revenue Bonds	37,230,000
Redevelopment Loans	8,430,770
HUD Section 108 Loans	500,000
Promissory Note	10,069,319
Bond Premium	7,377,244
Deferred Charge on Refunding	(2,100,926)
Compensated Absences	14,724,013
Capital Lease Obligations	971,871
Other Liabilities	<u>300,000</u>
Net Adjustment to Reduce Fund Balances - Governmental Funds to Arrive at Net Position - Governmental Activities	<u><u>\$ 143,464,570</u></u>

- B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between Changes in Fund Balances – Governmental Funds and Changes in Net Position - Governmental Activities, as reported in the Government-wide Statement of Activities. One element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of the differences from principal repayments are as follows:

Principal Repayments:	
General Obligation Bonds	\$ 2,505,000
First Florida Financing Commission Loans	1,048,399
HUD Section 108 Loans	460,000
Promissory Loans	2,407,512
Redevelopment Revenue Bonds	5,210,000
Redevelopment Loans	2,172,295
Capital Lease Obligations	<u>178,647</u>
Net Adjustment to Increase Net Changes in Fund Balances - Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>\$ 13,981,853</u></u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

NOTE III – DETAILED NOTES ON ALL FUNDS

- A. CASH – The City’s bank balances, including balances for its component unit, the Hollywood Community Redevelopment Agency, and the three City-sponsored employee pension plans (reported as fiduciary funds), were entirely insured either by federal depository insurance or via the banks’ participation as qualified public depositories pursuant to Florida Statutes, Chapter 280, “Security for Public Deposits” as of September 30, 2018. The City’s cash and demand deposits are considered to be cash on hand.
- B. INVESTMENTS – The City’s comprehensive investment policy was established in accordance with Section 218.415, Florida Statutes and has been revised periodically as required to reflect changes to those statutes. The investment policy applies to all investments held or controlled by the City with the exception of the three City-sponsored employee pension plans and its debt issuances where there are other existing policies or indentures in effect for the investment of related funds. The City maintains an internal cash and investment pool which most funds participate in. In addition, the City separately invests cash and debt proceeds related to capital projects so that it may time the duration of investment maturities with the anticipated project cash flows. The City also separately invests any debt-related cash reserves that are required by debt covenant, in accordance with the terms of the respective debt agreements. The City’s total deposits and investments, including their investment maturities, are shown in this note classified by pooled versus non-pooled investments. The capital project and debt reserve related investments are subclassified to differentiate the investments of the City (primary government unit) and the City’s Community Redevelopment Agency (component unit).

The City’s investment policy allows for the following investments: SBA Investment Pool, United States government securities, United States government agencies, federal instrumentalities, interest bearing time deposits or savings accounts, including certificates of deposit and demand deposits, repurchase agreements, commercial paper, mutual funds consisting of United States government obligations, registered investment companies (money market mutual funds) and intergovernmental investment pools. The City did not invest in any repurchase agreements, commercial paper or mutual funds during 2018.

The City maintains three defined benefit pension plans covering substantially all full-time employees. These plans have updated their investment policies pursuant to Section 112.661 Florida Statutes. The investment of these pension plans are managed in accordance with the plan provisions as established by each pension board. Pension investments are carried at fair value, which is determined as follows: securities traded on a national exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and money market funds are reported at cost. Alternative investments which include real estate investment trusts and private equity, where no readily ascertainable value exists, management in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the assets most recent available financial information.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

At September 30, 2018, the City and its three employee pension plans (Fiduciary Funds) had the following maturities for cash and investments:

	Investment Maturities					Percent Distribution
	Fair Value	Less Than 1 Year	1 - 5 Years	Credit Rating	Average Maturity in Months	
CITY CASH & INVESTMENTS:						
Pooled Cash:						
Demand Deposits	\$ 1,305,672	\$ 1,305,672	\$ 0			n/a
Money Market	64,067,439	64,067,439	0			16.1%
Non-Pooled Cash:						
Insurance Fund:						
Cash with Payaing Agent-Cigna	476,945	476,945	0			n/a
Money Market	4,308,530	4,308,530	0			1.1%
Capital Projects/Bond Related Reserves:						
Money Market	<u>10,000,000</u>	<u>10,000,000</u>	<u>0</u>			2.5%
Total City Cash	<u>80,158,586 *</u>	<u>80,158,586</u>	<u>0</u>			
Pooled Investments:						
Demand Deposits	18,656,769	18,656,769	0			4.7%
Certificates of Deposit	127,932,567	86,890,381	41,042,186		10.44	32.1%
Local Government Investment Pool	50,247,667	50,247,667	0			12.6%
Master Concentration Sweep Account	15,304,407	15,304,407	0			3.8%
U. S. Government Instrumentalities:						
Federal Farm Credit Bank	24,712,325	9,907,020	14,805,305	Aaa/AA+	11.71	6.2%
Federal Home Loan Mortgage Corp.	19,744,365	9,897,025	9,847,340	Aaa/AA+	11.41	5.0%
Federal National Mortgage Assoc.	<u>9,918,080</u>	<u>9,918,080</u>	<u>0</u>	Aaa/AA+	8.70	2.5%
Total Pooled Investments	<u>266,516,180</u>	<u>200,821,349</u>	<u>65,694,831</u>			
Non-Pooled Investments:						
Community Redevelopment Agency:						
Demand Deposits	27,833,260	27,833,260	0			7.0%
Beach CRA Account Sweep	<u>15,572,594</u>	<u>15,572,594</u>	<u>0</u>			3.9%
Total Community Redevelopment Agency	<u>43,405,854</u>	<u>43,405,854</u>	<u>0</u>			
Capital Projects/Bond Related Reserves:						
Demand Deposits	<u>10,053,633</u>	<u>10,053,633</u>	<u>0</u>			2.5%
Total Non-Pooled Investments	<u>53,459,487</u>	<u>53,459,487</u>	<u>0</u>			
Total City Investments	<u>319,975,667</u>	<u>254,280,836</u>	<u>65,694,831</u>			<u>100.0%</u>
Total City Cash & Investments	<u>\$ 400,134,253</u>	<u>\$ 334,439,422</u>	<u>\$ 65,694,831</u>			

* Variance with Financial Statement is due to petty cash amounts held by various City departments totaling \$23,930.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

	Investment Maturities (\$ in thousands)				
	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
FIDUCIARY FIXED INCOME INVESTMENTS:					
U. S. Government Securities:					
U. S. Treasuries:					
Fire Pension Fund	\$ 17,474	\$ 0	\$ 0	\$ 17,474	\$ 0
Police Retirement Fund	13,486	3,592	1,758	8,136	0
Total U. S. Treasuries	<u>30,960</u>	<u>3,592</u>	<u>1,758</u>	<u>25,610</u>	<u>0</u>
U. S. Government Agencies:					
Fire Pension Fund	8,144	0	0	0	8,144
Police Retirement Fund	5,064	1,937	225	2,443	459
Total U. S. Government Agencies	<u>13,208</u>	<u>1,937</u>	<u>225</u>	<u>2,443</u>	<u>8,603</u>
Total U. S. Government Securities	<u>44,168</u>	<u>5,529</u>	<u>1,983</u>	<u>28,053</u>	<u>8,603</u>
Corporate Bonds and Notes:					
Fire Pension Fund	28,990	0	0	28,990	0
Police Retirement Fund	47,984	918	26,706	20,361	0
Total Corporate Bonds and Notes	<u>76,974</u>	<u>918</u>	<u>26,706</u>	<u>49,351</u>	<u>0</u>
Total Fiduciary Fixed Income Investments	<u>\$ 121,142</u>	<u>\$ 6,447</u>	<u>\$ 28,689</u>	<u>\$ 77,404</u>	<u>\$ 8,603</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

1. **INTEREST RATE RISK** – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in the market interest rates. As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution. The City also attempts to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, the City’s investment policy limits the maturities to three years from the date of purchase. The City’s Certificates of Deposit have a “weighted average maturity” of 10.44 months for the non-pension portion and U. S. Government Instrumentalities have a “weighted average maturity” of 11.28 months. The City’s investments in U. S. Government Instrumentalities are all callable within a shorter period hence allowing the City to address any rising interest rate risk quicker than full maturity.

As a means of limiting their exposure to interest rate risk, the employee pension plans diversify their investments by security type and institution, and limit holdings by type of investment and with any one issuer. Information about the sensitivity of the fair values of the funds’ debt securities to market interest rate fluctuations is provided by the above table that shows the distribution of the funds’ fixed income investments by maturity at September 30, 2018.

2. **CREDIT RISK** – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City’s investment policy limits its investment to a grade of A or higher. The majority of the City’s investments were comprised of demand deposits, money market accounts and certificates of deposit at September 30, 2018 (\$345.3 million of \$398.3 million). Remaining investments (\$54.3 million) were held in U.S. Government Instrumentalities that had a rating of Aaa/AA+ by Moody/S&P at September 30, 2018.

Investment policies for the pension plans limit equity securities to those listed on a national securities exchange or traded in the over-the-counter market and quoted in the National Association of Securities Dealers Automatic Quotation Service. Investments in any issuing company are limited to not more than five percent (5%) of the market value of the assets. Fixed income portfolios are to be invested in marketable securities rated in the highest four (4) quality grades as established by one or more of the nationally recognized bond rating services.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The following table discloses credit ratings by fixed income investment type for the City's three pension plans at September 30, 2018, as applicable (\$ in thousands):

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
EMPLOYEES RETIREMENT FUND:		
Bond Mutual Fund	\$ <u>41,858</u>	<u>100.00</u> %
Total Employees Retirement Fund		
Fixed Income Securities	<u>41,858</u>	<u>100.00</u>
FIRE PENSION FUND:		
U. S. Government Guaranteed (a)	25,619	46.91
Quality Rating of Credit Risk Debt Securities:		
A	<u>28,990</u>	<u>53.09</u>
Total Fire Pension Fund Fixed		
Income Securities	<u>54,609</u>	<u>100.00</u>
POLICE RETIREMENT FUND:		
U. S. Government Guaranteed (a)	<u>18,550</u>	<u>27.88</u>
Quality Rating of Credit Risk Debt Securities:		
AAA	4,513	6.78
AA	5,122	7.70
A	35,567	53.46
BBB	<u>2,782</u>	<u>4.18</u>
Total Credit Risk Debt Securities	<u>47,984</u>	<u>72.12</u>
Total Police Retirement Fund Fixed		
Income Securities	<u>66,534</u>	<u>100.00</u>
COMBINED PENSION FUNDS:		
U. S. Government Guaranteed (a)	<u>86,027</u>	<u>52.78</u>
Quality Rating of Credit Risk Debt Securities:		
AAA	4,513	1.69
AA	5,122	3.14
A	64,557	39.61
BBB	2,782	1.71
BB	0	0.00
B	0	0.00
CCC	<u>0</u>	<u>0.00</u>
Total Credit Risk Debt Securities	<u>76,974</u>	<u>46.15</u>
Total Combined Pension Funds Fixed		
Income Securities	\$ <u><u>163,001</u></u>	<u><u>98.93</u></u> %

(a) Obligations of the U. S. government or obligations explicitly or implicitly guaranteed by the U. S. government are not considered to have credit risk and do not have purchase limitations.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

3. **CUSTODIAL CREDIT RISK** – This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City's investment policy requires securities, with the exception of certificates of deposit and overnight repurchase agreements (one business day), to be held with a third party custodian; and that all securities purchased by, and all collateral obtained by or on behalf of the City be properly designated as an asset of the City. The securities are held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the federal government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. As of September 30, 2018, the City's investment portfolios were held with a third party custodian as required by the City's investment policy.

Consistent with the pension plans' investment policies, pension plan investments are held by third party safekeeping custodians selected by their boards of trustees and registered in the plans' name, except for certificates of deposit and other time deposits, which are collateralized in accordance with Florida Statutes.

4. **CONCENTRATION OF CREDIT RISK** – The City's investment policy has established asset allocation limits on the following investments designed to reduce concentration of credit risk of the investment portfolio. A maximum of 100% of available funds may be invested in the SBA Investment Pool and United States government securities. Ninety percent (90%) of available funds may be invested in United States government agencies and instrumentalities, one hundred percent (100%) of available funds may be invested in non-negotiable interest bearing time deposits or savings accounts, twenty percent (20%) of available funds may be invested in each of the following categories: repurchase agreements, highest grade commercial paper, mutual funds consisting of U.S. government obligations, registered investment companies and intergovernmental investment pools.

The investment policies of the pension plans contain limitations on the amount that can be invested in any one issuer as well as portfolio allocation ranges and maximum percentages by types of investments. There were no individual investments that represent five percent (5%) or more of each respective plan's net position at September 30, 2018.

5. **INVESTMENT VALUATION** – GASB 72 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the specific characteristics of the investment.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Fair value represents the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Investments traded in an active market with available quoted prices for identical assets as of the reporting date.

Level 2 – Investments not traded on an active market but for which observable market inputs are available for an asset, either directly or indirectly, as of the reporting date.

Level 3 – Investments not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

The City and the three pension plans have established a framework to consistently measure the fair value of assets and liabilities in accordance with applicable accounting, legal and regulatory guidance. This framework has been provided by establishing a valuation policy and procedures that will provide reasonable assurance that applicable assets and liabilities are carried at fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment.

Net asset value (NAV) is a common measurement of fair value for level 1, level 2 and level 3 investments. A fund's NAV is simply its assets less its liabilities, and is often reported as a per share amount for fair value measurement purpose. The plans would multiply the NAV per share owned to arrive at fair value. Level 1 investments in funds such as mutual funds report at a daily NAV per share and are actively traded. NAV also comes into play for level 2 and 3 investments. As a matter of convenience (or referred to in accounting literature as a "practical expedient"), the plan can use the NAV per share for investment in a non-governmental entity that does not have a readily determined fair value, such as an alternative investment. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV as a matter of convenience.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The following tables summarize the valuation of the City's and the three pension plans' investments in accordance with the above mentioned fair value hierarchy levels as of September 30, 2018:

City of Hollywood Investments

<u>Investment by Fair Value Level</u>	September 30, 2018	Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Instrumentalities:				
Federal Farm Credit Bank	\$ 24,712,325	\$ 0	\$ 24,712,325	\$ 0
Federal Home Loan Mortgage Corp.	19,744,365	0	19,744,365	0
Federal National Mortgage Assoc.	9,918,080	0	9,918,080	0
Total Investments by Fair Value Level	54,374,770	\$ 0	\$ 54,374,770	\$ 0
Demand Deposits (Exempt)	56,541,962			
Money Market Accounts (Exempt)	78,375,969			
Certificates of Deposit (Exempt)	127,932,567			
Local Government Investment Pool (Exempt)	50,247,667			
Master Concentration and CRA Sweep Accounts	30,877,001			
Total Investments	\$ 398,349,936			

U.S. Government Instrumentalities – U.S. Government Instrumentalities are organizations that serve a public purpose and are closely tied to the federal government but are not government agencies. They are either private companies or chartered directly by the federal government. These underlying securities have significant other observable inputs and as such are considered level 2. Security prices were obtained from a pricing service, Interactive Data Corporation (IDC) and market closing price was used to determine fair value.

Employees Retirement Fund Investments

<u>Investment by Fair Value Level</u>	September 30, 2018	Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bond Mutual Fund	\$ 41,857,505	\$ 41,857,505	\$ 0	\$ 0
Fixed Income Composite	45,742,938	13,148,468	32,594,470	0
Corporate Bonds	14,608,041	13,258,032	1,350,009	0
Domestic Large Cap Equity Investment Fund	69,110,108	0	69,110,108	0
Domestic Small Cap Equity Investment Fund	17,143,847	0	17,143,847	0
International Equity Investment Fund	60,661,146	0	60,661,146	0
Total Investments by Fair Value	249,123,585	\$ 68,264,005	\$ 180,859,580	\$ 0
Investments Measured at the Net Asset Value (NAV):				
Private Equity Investment	19,813,939			
Private Debt Investment	10,139,327			
Private Real Estate Investment Fund	33,214,005			
Private Infrastructure Investment Fund	12,241,377			
Total Investments Measured at NAV	75,408,648			
Money Market Mutual Fund (exempt)	7,271,698			
Total Investments	\$ 331,803,931			

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Bond Mutual Fund – Valued at the daily closing price as reported by the General Employees Retirement System (Plan). Mutual fund held by the Plan is open-ended and is registered with the Securities and Exchange Commission.

Corporate Bonds – Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Domestic Stocks – Valued at the closing price reported for similar assets in active markets.

Equity Investment Funds – Valued at market prices for similar assets in active markets.

At present the Plan does not value any of its investments using level 3 inputs.

Investments Measured at NAV	September 30, 2018	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Equity Investment Funds:				
NB Crossroads Fund XXI - Asset Allocation, LP				
	\$ 12,435,405	\$ 9,400,000	Not Eligible	N/A
HarbourVest Dover Fund IX, LP				
	4,602,854	5,800,000	Not Eligible	N/A
GoldPoint Co-Investment VI, LP				
	<u>2,775,680</u>	<u>7,048,373</u>	Not Eligible	N/A
Total Investment in Private Equity Funds				
	<u>19,813,939</u>	<u>22,248,373</u>		
Private Debt Investment Fund:				
AG Direct Lending Fund II, LP				
	<u>10,139,327</u>	<u>5,160,000</u>	Not Eligible	N/A
Private Real Estate Investment Funds:				
Morgan Stanley - Prime Property Fund, LLC				
	22,363,991	0	Quarterly	90 Days
Principal Enhanced Property Fund, LP				
	<u>10,850,014</u>	<u>0</u>	Quarterly	90 Days
Total Investment in Real Estate Funds				
	<u>33,214,005</u>	<u>0</u>		
Private Infrastructure Investment Fund:				
IFM Global Infrastructure Investment Fund				
	<u>12,241,377</u>	<u>0</u>	Quarterly	90 Days
Total Investments Measured at NAV				
	<u>\$ 75,408,648</u>	<u>\$ 27,408,373</u>		

Private Equity Investment Fund – NB Crossroads Fund XXI – Assets Allocation, LP was formed in January 15, 2015 as a Delaware limited partnership for the purpose of acquiring, holding, selling and exchanging, either directly or indirectly, interest in limited partnerships or other pooled investment vehicles that are organized to make investments in large-cap buyout, mid-cap buyout, special situations and venture/growth capital investment funds, as well as securities, including co-investments. The general partner of the fund uses the best information it has reasonably available to determine or estimate fair value. Valuations of the investments are reviewed and approved quarterly by the general partner. Valuation methods employed are comparable public company valuation, comparable transaction valuation analysis and other methodologies, as appropriate. This fund is not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

HarbourVest Dover Fund IX, LP is a closed-end fund. The goal is to provide investors with attractive risk adjusted returns by leveraging the firm's proven strategy of constructing a well-diversified portfolio of secondary investments with a focus on the less efficient segments of the secondary market. HarbourVest's investment and accounting teams measure fair value on a quarterly basis. The following methods are used for partnership investments fair value principles and are applied by managers in their financial reports in accordance with U.S. GAAP; publicly traded and quoted securities shall be valued at the closing price at the end of the valuation period; for non-marketable securities and direct investments the value is most likely to be an existing price in an orderly arm's length transaction between market participants as of the valuation date, using one of the acceptable valuation methods under U.S. GAAP (Guideline Company Method, Similar Transaction Method or Discounted Cash Flow). This fund is not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

Private Debt Investment Fund – AG Direct Lending Fund II, LP is a Delaware limited partnership which commenced operations on November 14, 2016. The Partnership has been established to capitalize on investment opportunities available in the middle market direct lending. The Partnership intends to provide corporate financing support to North American middle-market companies, focusing on senior debt and other debt instruments, including unitranche facilities, second lien debt, mezzanine loans and equity co-investments. The fair value of the investment in this fund has been determined using NAV per unit of the ownership interest in the partners' capital. This fund is not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

Private Real Estate Investment Fund – Principal Enhanced Property Fund, LP is an open-end fund that will seek to make investments in stabilized, income producing assets, plus value-added and development projects in accordance with the investment guidelines. All properties invested in at September 30, 2018 were located throughout the United States. Principal will use a third-party appraisal firm, with approximately 25% of the portfolio appraised each quarter. Principal will use the appraised value and updated quarterly valuations for purpose of determining the fund's gross asset value and net asset value. The fair value of the investment in this fund has been determined using the NAV per unit of the ownership interest in the partners' capital.

Morgan Stanley Prime Property Fund, LLC (The Company) is an open-end fund established for the purpose to acquire, own, hold for investment and ultimately dispose of investments in real estate and real estate related assets with the intention of achieving current income, capital appreciation or both. All properties invested in at September 30, 2018 were located throughout the United States. An independent appraiser will perform quarterly appraisals of the fund's underlying properties and is reviewed by asset managers. The fund determines individual investment values based on such appraisals. These processes are designed to assure that valuation is prepared using reasonable inputs and assumptions which are consistent with market data or with assumptions that would be used by a third party participant and assume highest and best use of the real estate investment. The fair value of the investment in this fund has been determined using the NAV per unit of the ownership interest in the fund.

Private Infrastructure Investment Fund – IFM Global Infrastructure Investment Fund seeks to acquire and maintain a well-diversified portfolio of infrastructure investments. The strategy is to subject investment decisions to rigorous fundamental analysis and a disciplined investment process. The goal is to construct and maintain portfolios which consist of long-term, core infrastructure assets. Infrastructure investments are valued at the end of each quarter by independent valuation firms. The valuation method is employed for each asset at the discretion of the appointed independent valuer but must fall within the standards prescribed under AASB 139, U.S. GAAP ASC 820 and ASC 825 as appropriate. IFM Investors' infrastructure investments are typically valued on a discounted cash flow approach by the independent valuers. Discount rates are also determined by the valuer. Valuations are cross-checked with public market information and recent transactions.

GoldPoint Partners Co-Investment VI, LP was formed on July 1, 2017 as a Delaware limited partnership. The fund will seek a highly diversified portfolio of middle market transactions by primarily targeting Co-Investments alongside Core Partners with fund size less than \$5 billion. The fund will typically

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

invest \$10 million to \$40 million in any given transaction, although smaller or larger investments may be made where appropriate. The Fund targets opportunities where the sponsor has relevant expertise, a quantifiable history of successful investing, and a proven ability to add tangible value to the target company. The Fund seeks to invest in companies that have proven management teams, strong and sustainable cash flows, and competitive advantages in industries with barriers to entry. A high priority will be placed on companies that have minimal exposure to cyclical downturns, a low threat of obsolescence or rapid technological change, and limited customer and geographic concentrations. The fund's limited partners include public and private pension funds, financial institutions, insurance companies, endowments, family offices and high-net worth individuals. The partners of the fund uses the best information it has reasonably available to determine or estimate fair value. Valuation methods employed are comparable public company valuation, comparable transaction valuation analysis and other methodologies, as appropriate. Redemptions are generally not permitted for this Fund.

Fire Pension Fund Investments

Investment by Fair Value Level	September 30, 2018	Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Securities	\$ 17,474,271	\$ 0	\$ 17,474,271	\$ 0
U.S. Government Agencies	8,144,278	0	8,144,278	0
Corporate Bonds	6,086,396	0	6,086,396	0
International Fixed Income				
Investment Fund	5,186,025	5,186,025	0	0
Domestic Fixed Income				
Investment Fund	4,979,110	4,979,110	0	0
Domestic Stocks	62,562,481	62,562,481	0	0
Domestic Equity Investment Fund	55,682,790	55,682,790	0	0
International Equity Investment Fund	21,263,859	21,263,859	0	0
International Stock	21,413,922	21,413,922	0	0
Timber Investment Fund	6,650,636	0	0	6,650,636
Temporary Investments	2,871,000	2,871,000	0	0
Total Investments by Fair Value Level	212,314,768	<u>\$ 173,959,187</u>	<u>\$ 31,704,945</u>	<u>\$ 6,650,636</u>
Investments Measured at the Net Asset Value (NAV):				
Real Estate Investment Funds	23,466,956			
Domestic Fixed Income				
Investment Fund	12,738,779			
Total Investments Measured at NAV	36,205,735			
Pooled Investment Funds	43,308			
Total Investments Measured at Fair Value	<u>\$ 248,563,811</u>			

Debt Securities – Debt securities classified in Level 1 or Level 2 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used by International Data Pricing and Reference Data, LLC to value securities based on the securities' relationship to benchmark quoted prices.

Fixed Income Funds – Valued using pricing models maximizing the use of observable input for similar securities. This includes basing value on yield currently available on comparable securities of issues with similar credit ratings.

Equity Funds – Valued at market prices for similar assets in active markets.

Common Stock – Valued at quoted market prices for identical assets in active markets.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The Timber Investment Fund known as the Sustainable Woodlands Fixed II, LP records its investments in timber and timberlands at fair value which is determined using Level 3 inputs. The fair value of timber and timberlands is determined by adjusting the latest third party appraisals for recent activity. A summary of quantitative information regarding significant unobservable inputs (Level 3) to the latest third party appraisals follows:

Income Approach – In order to value timberlands using the income approach, which is the most prevalent method for valuing timber and timberlands, independent third party appraisers (Appraisers) develop cash flow models. A model requires the Appraisers, in conjunction with the limited partnership management, to develop estimates around the future growth and harvest of timber, a forecast of future timber and timberlands prices, a reliable estimate of the cash flows necessary to sustain the existing inventory and the development of an appropriate discount rate.

Discount Rate – A significant unobservable input used in the income approach to valuation is the discount rate, which is the interest rate used to convert a stream of future cash flows to present value, and which represents the risk-adjusted required return the particular asset should earn. Current timber models project cash flows over 3 – 20 year periods and use a reversion value to estimate the fair value of timber and timberland assets. One method used for estimating the discount rate for modeling is the capital asset pricing model (CAPM), which uses a risk-free rate of return, timberland beta and market risk premium estimates to determine the appropriate rates on recent transactions and other market based information to estimate discount rates for each valuation.

Future Timber Pricing – A significant unobservable input used in the income approach to valuation is market selling prices for merchantable timber during the estimated year of harvest. Income approach models use estimated income for the expected volumes of timbers to be harvested during the discount period and such valuation methodology requires an estimate of the sales price of timber during the year of final harvest and thinning (where appropriate). Future price projections are based on a number of factors, including but not limited to local market dynamics, projected macroeconomic climates, assumptions around current and forecasted demand, estimates of housing starts and expected product mix.

	2018 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at NAV				
Real Estate Investment Funds:				
U.S. Real Estate Investment Fund, LLC	\$ 11,188,171	\$ 0	Quarterly	90 days
JPMCB Special Situation Property Fund	<u>12,278,785</u>	<u>0</u>	Quarterly	45 days
Total Real Estate Investment Funds	23,466,956	0		
Domestic Fixed Income Investment Fund:				
Crescent Direct Lending Levered Fund	7,863,638	1,413,376	Indefinite	90 days
LBC Credit Partners Fund	<u>4,875,141</u>	<u>5,262,925</u>	Indefinite	90 days
Total	12,738,779	6,676,301		
Total Investments Measured at NAV	<u>\$ 36,205,735</u>	<u>\$ 6,676,301</u>		

Real Estate Investment Funds – are open end, commingled private real estate and net lease portfolios. These real estate-based funds are structured as limited partnerships. Their primary focus is to invest in well-based income producing properties and leases within major U.S. markets. The fair values of the investments in these funds have been determined using the NAV per unit of the Plan’s ownership interest in partners’ capital. The investments of the fund are valued quarterly. Withdrawal requests must be made on an average of 60 days in advance and may be paid in one or more installments.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Crescent Direct Lending Levered Fund is intended to:

Generate high current income while preserving capital by investing all capital contributions in the master fund and participating in its indirect investments primarily in senior secured loans (including first lien, unitranche and second lien loans) of private U.S. lower middle-market companies and in other permitted investments, including swap and hedging transactions; and

To enter into and perform any contracts and agreements and carry on any activities necessary in the fund for, or incidental to, the accomplishment of the foregoing purpose.

Investments in the fund are valued at cost or fair value on the most recent practicable date, less outstanding indebtedness incurred to acquire, or for the purpose of acquiring, the investments;

For commodities, valuation is based on the initial margin or option premium deposited with the futures commission merchant. Swap agreements and similar financial contracts are valued at fair value of cost (not notional amount).

“Fair Value” shall mean a) with respect to securities (other than marketable securities) that are traded in the interdealer market, external pricing sources, to the extent available, including broker/dealer quotes or pricing services, as determined in good faith by the general partner, b) with respect to marketable securities:

That are primarily traded on a securities exchange, the closing sale price on the principal securities exchange on which they are traded on the date of determination or, if no sales occurred on such date, the mean between the closing bid and asked prices on such date and

The principal market for which is or is deemed to be the over-the-counter market, the closing sales price on the date of determination as published by NASDAQ or any similar organization, or if such price is not so published on any such date, the mean between the closing bid and asked prices, if available, on such date, which prices may be obtained from any reputable pricing service broker or dealer.

The Plan understands that no market exists for these investments and it is not registered as an investment company under the Investment Company Act of 1940.

LBC Credit Partners, IV, L.P. Fund

The fund will originate and manage a diversified portfolio of secured, middle market loans to North American borrowers. LBC defines middle market companies as those with revenues of typically less than \$750 million EBITDA of \$5 million to \$50 million. LBC provides transitional capital fund acquisitions, refinancing, growth, recapitalizations, and turnarounds on a sponsored or unsponsored basis. LBC stresses cash flow sustainability and proven business models when selecting borrowers and prefers secured debt to unsecured debt and equity. While their strategy is industry agnostic, LBC avoids service companies with low competitive barriers and trends to avoid the retail, general distribution and real estate development sectors. Typical investments will range in size and maturity between \$10 million and \$50 million and three to seven years, respectively. The Fund will target 45-55 investments.

LBC employs a value oriented investment approach; seeking to maximize current return while providing downside protection. As such, LBC intends to structure the majority of its investments as secured debt with either a first or second lien on the company’s assets which provides the potential to create a recovery floor. LBC typically seeks to obtain all of the rights and remedies of a senior secured lender and in the case of a junior secured transaction, lien subordination rather than debt subordination so as to reduce the risk of payment blockage. LBC also focuses on negotiating strict inter-creditor provision that can limit debt layering and maximize their rights in the event of a bankruptcy.

LBC seeks to structure its investments with floating rate coupons linked to short-term market base rates (typically LIBOR or the Prime Rate), which helps reduce interest rate risk. The components of the investment yield will typically consist of up-front fees (1% to 3%), cash-pay interest (7% to 15%), PIK

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

interest (up to 3%) and ancillary and recurring fees including anniversary servicing, and monitoring fees (up to 3%). Opportunistically structures may also include conversion rights, warrants, and other types of equity yield enhancements, including equity participations, which could yield on those investments by an additional 2% to 5%.

Lastly, loan agreements will typically contain covenants designed to maintain the credit risk profile of the borrower in an effort to protect the rights of the fund to receive timely payments of principal and interest and to preserve the enterprise value of the borrower.

Police Retirement Fund Investments

Investment by Fair Value Level	September 30, 2018	Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
U.S. Government Securities	\$ 18,549,590	\$ 13,485,806	\$ 5,063,784	\$ 0
Corporate Bonds and Notes	47,984,735		47,984,735	0
Equity Securities - Common Stocks	141,731,119	141,731,119	0	0
Comingled Equity Funds	<u>46,880,646</u>	<u>46,880,646</u>	<u>0</u>	<u>0</u>
Total Investments by Fair Value Level	255,146,090	<u>\$ 202,097,571</u>	<u>\$ 53,048,519</u>	<u>\$ 0</u>
Investments Measured at the Net Asset Value (NAV):				
Real Estate Funds	31,387,374			
Hedge Fund	<u>6,753,182</u>			
Total Investments Measured at NAV	38,140,556			
Money Market Funds (exempt)	<u>3,759,898</u>			
Total Investments Measured at Fair Value	<u>\$ 297,046,544</u>			

The following is a description of the valuation methodologies used for assets measured at fair value:

Common Stocks – Valued at the closing price reported on the New York Stock Exchange.

Comingled Equity Funds – Valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

Government Securities – Valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate Bonds – Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Real Estate Funds – Valued at the net asset value of shares held by the Plan at year end. The Plan has investments in private market real estate investments for which no liquid public market exists.

Hedge Fund – Value based on the net asset value per share, without further adjustment. Net asset value is based upon the fair value of the underlying investment.

Money Market Funds – Considered short-term investment reported at amortized cost.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The Fund’s valuation methods for investments measured at the net asset value (“NAV”) per share (or its equivalent) as of September 30, 2018 are as follows:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real Estate Fund (1)	\$ 21,674,520	\$ 0	Quarterly	90 days
Real Estate Fund (2)	9,712,854	0	Quarterly	10 days
Hedge Fund (3)	6,753,182	0	Quarterly	95 days
Total Investments Measured at NAV	<u>\$ 38,140,556</u>	<u>\$ 0</u>		

- (1) Real Estate Fund – The fund is an open-end, real estate investment fund investing primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemptions must be received by the fund 90 days prior to quarter end.
- (2) Real Estate Fund – This fund is an open-end, diversified core real estate commingled fund that invests primarily in core institutional office, retail, industrial, and multi-family properties located throughout the U.S. The investment is valued at NAV and its redemptions must be received by the fund 10 days prior to quarter end.
- (3) Hedge Fund – This fund is an open-end, diversified portfolio of private investment entities and/or separately managed accounts managed by investment managers specialized primarily in activist related alternative investment strategies. The investment is valued at NAV and its redemptions must be received by the fund 95 days prior to quarter end.

C. RECEIVABLES – As of year-end, receivables for the City’s individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for collectible accounts are as follows:

Governmental Activities						
	Taxes	Accounts	Reinsurance	Inter-governmental	Less: Allowance for Uncollectibles	Net Total Accounts Receivable
General	\$ 2,480,160	\$ 5,109,554	\$	\$ 2,490,976	\$ (2,792,964)	\$ 7,287,726
General Capital Projects	0	43,395	0	0	(6,500)	36,895
Beach Community Redevelopment	0	0	0	12,750	0	12,750
Downtown Community Redevelopment	0	175,967	0	0	(175,967)	0
Other Governmental	0	25,000	1,539,040	898,989	0	2,463,029
	<u>\$ 2,480,160</u>	<u>\$ 5,353,916</u>	<u>\$ 1,539,040</u>	<u>\$ 3,402,715</u>	<u>\$ (2,975,431)</u>	<u>\$ 9,800,400</u>
Business-type Activities						
	Accounts	Assessments	Less: Allowance for Uncollectibles	Net Total Accounts Receivable		
Water & Sewer Utility	\$ 19,992,634	\$ 309,643	\$ (2,049,734)	\$ 18,252,543		
Sanitation Enterprise	2,863,955	0	(528,777)	2,335,178		
Parking Enterprise	261,786	0	(130,811)	130,975		
Other Enterprise	673,216	0	(114,421)	558,795		
	<u>\$ 23,791,591</u>	<u>\$ 309,643</u>	<u>\$ (2,823,743)</u>	<u>\$ 21,277,491</u>		

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Governmental funds report a deferred inflow of resources in connection with receivables and revenue received in advance that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenues in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflow	Unearned
	<u> </u>	<u> </u>
Local Business Taxes and Other Charges (General Fund)	\$ 2,269,971	\$ 0
Grant and Contract Revenue (Nonmajor Funds)	<u>30,062,272</u>	<u>2,364,129</u>
 Total Deferred Inflow/Unearned Revenue for Governmental Funds	 <u>\$ 32,332,243</u>	 <u>\$ 2,364,129</u>

D. NOTES RECEIVABLE – The notes receivable balances are comprised of the following:

	<u>2018</u>
GOVERNMENTAL ACTIVITIES:	
Downtown Community Redevelopment:	
Long-term Loans	\$ 3,500,000
Less: Allowance for Uncollectibles	<u>(3,500,000)</u>
Notes Receivable - Net	<u>0</u>
Nonmajor Governmental Funds:	
Current Loans	1,161,378
Long-term Loans	<u>29,584,405 (a)</u>
	30,745,783
Less: Allowance for Uncollectibles	<u>(1,058,219)</u>
Notes Receivable - Net	<u>29,687,564</u>
 Total Notes Receivable - Net	 <u>\$ 29,687,564</u>

(a) This amount includes \$ 2,043,067 in restricted receivables.

The notes receivable reported in the Special Programs Fund and Local Housing Assistance Trust Fund consist of collateralized home improvement loans. The deferred loans represent individual borrowings (limited to \$70,000) which are repayable without interest at time of sale or transfer of the property. The notes receivable in the Downtown Community Redevelopment Fund consist of loans to developers and others to assist in approved projects. Loans are secured by mortgages on real property and repayable over various time periods at various interest rates.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

E. CAPITAL ASSETS – Capital asset activity for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 42,901,224	\$ 0	\$ 0	\$ 0	\$ 42,901,224
Construction in Progress	<u>11,541,663</u>	<u>9,689,432</u>	<u>2,967,124</u>	<u>0</u>	<u>18,263,971</u>
Total Capital Assets, Not Being Depreciated	<u>54,442,887</u>	<u>9,689,432</u>	<u>2,967,124</u>	<u>0</u>	<u>61,165,195</u>
Capital Assets, Being Depreciated:					
Buildings and Improvements	182,550,289	3,114,485	1,179,862	0	184,484,912
Machinery and Equipment	71,351,543	4,293,495	2,235,700	0	73,409,338
Infrastructure	<u>105,062,837</u>	<u>1,059,079</u>	<u>787,781</u>	<u>0</u>	<u>105,334,135</u>
Total Capital Assets, Being Depreciated	<u>358,964,669</u>	<u>8,467,059</u>	<u>4,203,343</u>	<u>0</u>	<u>363,228,385</u>
Less Accumulated Depreciation For:					
Buildings and Improvements	104,672,700	6,742,854	1,179,862	0	110,235,692
Machinery and Equipment	56,287,668	4,725,535	2,222,595	0	58,790,608
Infrastructure	<u>79,977,458</u>	<u>1,485,708</u>	<u>762,056</u>	<u>0</u>	<u>80,701,110</u>
Total Accumulated Depreciation	<u>240,937,826</u>	<u>12,954,097</u> (1)	<u>4,164,513</u>	<u>0</u>	<u>249,727,410</u>
Total Capital Assets, Being Depreciated - Net	<u>118,026,843</u>	<u>(4,487,038)</u>	<u>38,830</u>	<u>0</u>	<u>113,500,975</u>
Governmental Activities Capital Assets - Net	\$ <u>172,469,730</u>	\$ <u>5,202,394</u>	\$ <u>3,005,954</u>	\$ <u>0</u>	\$ <u>174,666,170</u>

(1) Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 575,059
Public Safety - Police	1,988,271
Public Safety - Fire	1,595,255
Other Public Safety	87,589
Public Works	1,932,242
Transportation	14,391
Economic Environment	2,732,018
Physical Environment	11,873
Culture and Recreation	3,297,495
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	<u>719,904</u>
Total Governmental Activities Depreciation Expense	\$ <u>12,954,097</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 6,285,499	\$ 0	\$ 0	\$ 0	\$ 6,285,499
Construction in Progress	<u>35,089,532</u>	<u>28,854,028</u>	<u>25,523,957</u>	<u>0</u>	<u>38,419,603</u>
Total Capital Assets, Not Being Depreciated	<u>41,375,031</u>	<u>28,854,028</u>	<u>25,523,957</u> (3)	<u>0</u>	<u>44,705,102</u>
Capital Assets, Being Depreciated:					
Buildings and Systems	632,841,332	22,898,401	0	0	655,739,733
Machinery and Equipment	<u>12,495,699</u>	<u>671,595</u>	<u>4,520,495</u>	<u>0</u>	<u>8,646,799</u>
Total Capital Assets, Being Depreciated	<u>645,337,031</u>	<u>23,569,996</u>	<u>4,520,495</u>	<u>0</u>	<u>664,386,532</u>
Less Accumulated Depreciation For:					
Buildings and Systems	353,328,226	17,629,588	0	0	370,957,814
Machinery and Equipment	<u>11,008,843</u>	<u>533,922</u>	<u>4,505,983</u>	<u>0</u>	<u>7,036,782</u>
Total Accumulated Depreciation	<u>364,337,069</u>	<u>18,163,510</u> (1)	<u>4,505,983</u>	<u>0</u>	<u>377,994,596</u>
Total Capital Assets, Being Depreciated - Net	<u>280,999,962</u>	<u>5,406,486</u>	<u>14,512</u>	<u>0</u>	<u>286,391,936</u>
Business-type Activities Capital Assets - Net	<u>\$ 322,374,993</u>	<u>\$ 34,260,514</u>	<u>\$ 25,538,469</u>	<u>\$ 0</u>	<u>\$ 331,097,038</u>

(1) In the business type activities \$1,650,900 of the cost of construction in progress was not capitalized.

Business-type Activities:	
Water	\$ 5,533,964
Sewer	10,147,940
Water and Sewer	565,824
Sanitation	651
Parking	1,408,391
Nonmajor Enterprise Funds	<u>506,739</u>
Total Business-type Activities Depreciation Expense	<u>\$ 18,163,510</u>

F. CONSTRUCTION COMMITMENTS – The City has outstanding commitments for construction and acquisition of capital assets. These commitments were fully funded through bond proceeds and other reserves for the respective funds at September 30, 2018:

General Capital Projects	\$ 1,115,286
Beach Community Redevelopment	17,582,115
Downtown Community Redevelopment	213,299
Water and Sewer Utility	57,571,935
Nonmajor Enterprise Funds	<u>0</u>
	<u>\$ 76,482,635</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

G. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – The composition of interfund balances as of September 30, 2018, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Downtown Community Redevelopment	\$ 4,209,349
General Fund	Nonmajor Governmental Funds	6,934,056
General Fund	Nonmajor Enterprise Funds	1,659,775
General Fund	Fiduciary Funds	174,266
Total		\$ 12,977,446

Represents cash advanced by the General Fund to other funds which are outstanding at September 30, 2018.

INTERFUND TRANSFERS:

	Transfers In:							
	General Fund	General Capital Projects Fund	Beach Community Redevelopment Fund	Nonmajor Governmental Funds	Water and Sewer Utility	Parking Enterprise Fund	Internal Service Funds	Total Transfers Out
Transfers Out:								
General Fund	\$ 0	\$ 1,485,000	\$ 0	\$ 3,706,001	\$ 0	\$ 40,000	\$ 200,000	\$ 5,431,001
General Capital Projects Fund	0	0	0	48,243	0	0	0	48,243
Beach Community Redevelopment Fund	0	0	0	0	16,300	0	0	16,300
Nonmajor Governmental Funds	555,897	0	39,989	1,508,153	0	0	0	2,104,039
Water and Sewer Utility	4,269,195	0	0	0	0	0	900,000	5,169,195
Sanitation Enterprise Fund	771,294	0	0	0	0	0	433,750	1,205,044
Parking Enterprise Fund	302,956	0	0	0	0	0	0	302,956
Nonmajor Enterprise Funds	122,911	0	0	0	350,882	0	0	473,793
Internal Service Funds	436,315	0	0	0	0	0	0	436,315
Total Transfers In	\$ 6,458,568	\$ 1,485,000	\$ 39,989	\$ 5,262,397	\$ 367,182	\$ 40,000	\$ 1,533,750	\$ 15,186,886

Bond covenants and City financial policies require use of interfund transfers to move financial resources from funds designated to receive them to funds required to expend them. Business-type fund payments-in-lieu of taxes are also reported as interfund transfers to the General Fund. Transfer amounts shown previously reflect cash transferred between funds for these purposes. The transfer between CRA and Parking Enterprise arises from an interlocal agreement between the City and CRA which provides that the CRA transfer funds for revenue shortfalls in the Parking Enterprise Fund as a result of CRA redevelopment activity in the CRA district. The transfers between General Fund and Nonmajor Governmental Funds (Gas Tax Fund) to Nonmajor Governmental Funds (Debt Service Fund) were primarily to fund debt service requirements. The transfers between Nonmajor Governmental Funds (Special Programs and Gas Tax Funds) to General Fund were primarily to offset administrative costs and road repair costs.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

H. CAPITAL LEASES – The City has entered into master lease purchase agreements and other lease agreements as lessee for financing the acquisition of fleet vehicles, equipment and other improvements. The value of assets acquired under capital leases totals approximately \$24.1 million which is comprised of approximately \$17.2 million in gross value and \$4.8 million in net book value of equipment and approximately \$6.9 million in gross value and \$3.2 million in net book value of improvements. Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2018 are as follows:

<u>Fiscal Year</u>	<u>Minimum Lease Payments</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2019	1,774,868	1,222,899
2020	1,786,264	1,259,588
2021	1,798,001	1,297,375
2022	1,673,589	1,342,435
2023	1,128,831	963,237
2024-2028	<u>507,847</u>	<u>0</u>
Total Minimum Lease Payments	8,669,401	6,085,534
Less: Amount Representing Interest	<u>(875,283)</u>	<u>(839,498)</u>
Present Value of Net Minimum Lease Payments	\$ <u><u>7,794,118</u></u>	\$ <u><u>5,246,036</u></u>

I. LONG-TERM DEBT – Summarized below are the City’s debt issued to finance the acquisition and construction of major capital facilities that were outstanding as of September 30, 2018:

1. GOVERNMENTAL ACTIVITIES DEBT:

- \$43,922,000 General Obligation Refunding Note, Series 2015 – Note was issued on July 9, 2015 for the purpose of refunding, on a current basis, the outstanding Series 2005 General Obligation Bonds and certain costs of issuing the note. Note was issued under the provisions of applicable governing law and Resolution R-2015-224 enacted by the City Commission on July 8, 2015. Revenue for ad valorem taxes levied on all taxable property in the City will be used to pay the debt service on the note through its maturity date (June 1, 2030). The interest rate on the note is fixed at 2.92%. The refunding resulted in an economic gain of \$5,407,232.
- \$7,655,000 First Florida Governmental Financing Commission Loan – The City has obtained loans from the First Florida Governmental Financing Commission (FFGFC) to finance the construction of capital projects, the acquisition of certain public safety fire equipment, and the construction and purchase of various capital assets for the Central Services Fund. Loan has been borrowed from First Florida, a public body corporate and politic formed by several local governments in Florida to benefit participants from the economies of scale associated with large financings. Interest rates range from 3.00% to 5.00% annually. This loan was paid off in FY2018.
- \$8,595,000 PNC Bank Refunding Revenue Note, Series 2017 – Note was issued on February 3, 2017 for the purpose of refunding, on a current basis, the outstanding Series 2012 FFGFC Refunding Revenue Bonds. Note was issued with the same terms and conditions as the bonds with bi-annual payments starting July 1, 2017 through maturity on July 1, 2022. The interest rate on the note is fixed at 2.60% per annum. There was no economic gain from the refunding.
- \$6,515,000 Pinnacle Public Finance, Inc. Refunding Revenue Note, Series 2017 – Note was issued on February 3, 2017 for the purpose of refunding, on a current basis, the outstanding Series 2014 FFGFC Refunding Revenue Bonds. Note was issued with the same terms and conditions as the bonds with bi-annual payments starting July 1, 2017 through maturity on July 1, 2024, resulting in no economic gain. The interest rate on the note is fixed at 2.37% per annum.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

- \$36,890,000 Capital Improvement Revenue and Refunding Bonds, Series 2016A – On March 3, 2016 the City issued Series 2016A bonds for the purpose of advance refunding various City outstanding debts, construction of various capital projects citywide, acquisition of vehicles and equipment, and to pay for issuance costs related to the bonds. Of the \$44,469,136 of proceeds and premiums plus \$1,635,339 of other available resources, \$24,808,874 was used for advance refunding (of which \$4,914,208 in principal plus \$133,866 in interest and costs related to refunding business-type activity FFGFC series notes), \$21,000,000 for capital items and the remaining balance for costs related to the debt. The Series 2016A bonds are secured by the City's half-cent sales tax revenue and the City's simplified communications tax revenue. The coupon interest rate on these bonds is 5.0% for the first payment, decreasing to 3.0% on the last payment on July 1, 2031.
- \$49,075,000 Community Redevelopment Agency Redevelopment Revenue and Refunding Bonds, Series 2015 – On October 29, 2015, the City of Hollywood's Beach Community Redevelopment Agency (BCRA) issued the Series 2015 bonds for the purpose of refunding the Redevelopment Agency Revenue Bond – Series 2004, advance refunding of the Redevelopment Revenue Bond – Series 2007, construction of a new parking garage at Nebraska and Nevada Streets, undergrounding of overhead utilities and streetscape beautification for six blocks from Oklahoma to Taft Street, fully fund the Series 2015 Debt Service Reserve Fund, and to pay for issuance costs related to the bonds. Of the \$55,287,321 of proceeds and premium plus \$3,816,694 of other available resources, \$39,205,979 was used in the refunding, \$14,000,000 was for capital items, \$5,528,732 was to fund the Series 2015 debt service reserve, and the remaining balance was for costs related to the debt. The Series 2015 bonds are payable solely from and secured by BCRA revenues and assets. The City and BCRA have also entered into an Interlocal Agreement pursuant to which the City covenants to pledge certain designated non-ad valorem revenues of the City to the payment of the Series 2015 bonds under certain conditions. The coupon interest rate on these bonds is 2.0% for the first payment, then increasing to 5.0% for the remaining payments with a final maturity date of March 1, 2024.
- \$33,500,000 Community Redevelopment Agency Loans – Loans committed to fund certain redevelopment projects and/or redevelopment incentives of the Downtown Community Redevelopment Agency as approved by its governing board. The DCRA has pledged its tax increment revenues for repayment of these loans. The interest rates on \$2,500,000, \$4,000,000 and \$2,000,000 of these loans are fixed at 5.44%, 5.61% and 2.84%. The interest rates on the remaining outstanding borrowings are variable and equal to the one month London Interbank Offered Rate (LIBOR) as published periodically in the Wall Street Journal plus 1.75%. Interest rate on these borrowings was 3.93% at September 30, 2018.
- On September 22, 2006, the Downtown District of the Hollywood Community Redevelopment Agency issued its Promissory Note, Series 2006A (2006A Note) in the principal amount of \$20,500,000 for the purpose of refunding its Promissory Notes Series, 2004B, 2005A and 2005B (Previous Notes) also totaling \$20,500,000. The 2006A Note and the Previous Notes carry the same interest rate, 175 basis points over the 1-month LIBOR, and all were issued as bank loans/lines of credit by the same financial institution. The only cost of issuance for both the 2006A Note and the Previous Notes was limited to minimal counsel fees which were fully expensed the year transactions were entered into. There was no gain or loss as a result of this refunding which basically consolidated three notes into one with no other financial reporting effect. This transaction constitutes an interest rate swap which is accounted for as an effective hedge as further described below.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

On September 22, 2006 the DCRA entered into a fixed payer swap with Bank of America for the purpose of fixing its debt payments to manage the interest rate risk associated with variable rate debt. The swap is related to the 2006A Note described above, resulting in a synthetic fixed rate debt. The swap’s notional amount as of September 30, 2006 was \$20,500,000. The swap has an effective date of September 22, 2006 and a termination date of November 1, 2022. The DCRA pays a fixed rate of 7.075% and receives the 1-month LIBOR plus 1.75%. Payments are netted by each party to the other and made on a quarterly basis. There was no cash paid or received when the swap was initiated.

At September 30, 2018, the underlying swap with Bank of America had a fair value of (\$325,673). The notional value of \$5,808,333 of this borrowing is included in bonds, loans and leases payable in the statement of net position. This fair value was obtained from the counterparty’s mark to market report submitted to the DCRA.

The swap counterparty’s ratings at September 30, 2018 by Moody’s/Standard and Poor’s were A3/A-. The DCRA will have a market breakage risk if it decides to unwind the swap in a lower rate environment. The transaction has no basis risk since the swap payments the DCRA receives match the payments it is making on the underlying loan and both use the same index. There is no tax risk since the swap is indexed to LIBOR, a taxable index.

Using rates at September 30, 2018, the debt service requirements of the DCRA’s variable-rate debt and related swap are as follows. As rates vary, variable-rate bond interest payments will vary.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Swap Rate Interest</u>	<u>Total</u>
2019	1,366,667	198,947	159,618	1,725,232
2020	1,366,667	145,298	116,574	1,628,539
2021	1,366,667	91,650	73,532	1,531,849
2022	1,366,667	38,001	30,489	1,435,157
2023	341,665	1,118	897	343,680
	\$ <u>5,808,333</u>	\$ <u>475,015</u>	\$ <u>381,109</u>	\$ <u>6,664,456</u>

- \$5,585,000 U.S. Department of Housing and Urban Development Section 108 Loan Guarantee Program (HUD Section 108 Loans) – Funds committed to finance several major housing rehabilitation programs anticipated and/or underway in the City. Funds may be used only for payment of approved HUD Section 108 activity costs. The initial variable interest rate on this borrowing is set on the first day of each month at twenty (20) basis points above the LIBOR – three months as published on that day in the Wall Street Journal or certain other recognized financial publications. Interest on the unpaid principal balance is due and payable quarterly on the first day of February, May, August and November. Interest rate on this borrowing was approximately 2.55% at September 30, 2018. Annual principal payments continue through maturity on August 1, 2021.

2. BUSINESS-TYPE ACTIVITIES DEBT:

- \$47,160,000 Water and Sewer Refunding Revenue Bonds, Series 2014 – On November 25, 2014 the City issued Water and Sewer Refunding Revenue Bonds, Series 2014. The bonds were issued for the purpose of providing funds to refund and defease the outstanding Series 2003 Water and Sewer Refunding and Improvement Revenue Bonds and to pay issuance costs and other costs. The bonds are collateralized by a pledge of utility system revenues and carry interest rates from 2.0% to 5.0%.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

- \$52,345,000 Water and Sewer Improvement Revenue Bonds, Series 2010 – On January 27, 2010 the City issued Water and Sewer Improvement Revenue Bonds, Series 2010 (“Series 2010 Bonds”) totaling \$52,345,000. The bonds issued were comprised of \$4,185,000 of Series 2010A Bonds and \$48,160,000 Series 2010B Bonds (Build America Bonds – Direct Payment). The Series 2010 Bonds are being issued for the purpose of providing funds, together with other available funds, to (i) finance the acquisition, construction and equipping of certain improvements and upgrades to the City’s water and sewer utility system; (ii) fund the 2010 Reserve Subaccount of the Reserve Account; and (iii) pay certain costs of issuance with respect to Series 2010 Bonds. Interest rates on the Series 2010A Bonds range from 2% to 3%. Interest from Series 2010A Bonds is excludable from gross income for federal income tax purposes. Interest rates on the Series 2010B bonds range from 4.687% to 6.056%. Interest from 2010B Bonds is not excludable from gross income for federal income tax purposes.
 - \$60,142,406 State of Florida Revolving Fund Loans – Funds borrowed and outstanding to finance the construction of a reuse wastewater system and new water supply wellfields. Currently, the State has committed to loan the City a total of approximately \$87.3 million for qualifying projects under this loan program. The loans are collateralized by a pledge of the reuse system and utility system revenues. Interest accrues at rates of 1.21% and 3.34% annually.
 - \$36,890,000 Capital Improvement Revenue and Refunding Bonds, Series 2016A – On March 3, 2016 the City issued Series 2016A bonds for the purpose of advance refunding FFGFC Series 2006 loans and to pay for issuance costs related to the bonds. Only \$3,728,700 of the \$36,890,000 face value of the borrowing relates to business-type activities.
 - \$4,090,122 Promissory Note, Series 2009A – Funds were borrowed to refinance an existing variable rate loan outstanding. Funds were originally borrowed to finance the acquisition and construction of two public parking garages in the City’s downtown area. Principal and interest payments are due annually beginning December 1, 2009 through maturity on December 2, 2020. The interest rate on the note is fixed at 6.46%.
3. DEFEASANCE OF LONG-TERM DEBT:
- In fiscal year 1993, the City issued \$137,125,000 Water and Sewer Revenue Bonds – Series 1993 (Series 1993 Bonds) to defease Series 1991 Bonds outstanding in an aggregate principal amount of \$130,779,873. The Series 1993 Bonds were refunded, on a current basis, in November 2003. As a result, the Series 1991 Bonds are considered to be defeased and the liability for the debt has been removed from the Water and Sewer Utility Fund’s financial statements. At September 30, 2018, outstanding Water and Sewer Revenue Bonds (including prior year’s refundings) of \$35,520,000 are considered to be defeased.
 - On February 3, 2018, the City issued \$8,595,000 PNC Bank Refunding Revenue Note, Series 2018 and the \$6,515,000 Pinnacle Public Finance, Inc. Refunding Revenue Note, Series 2018 for the sole purpose of replacing the lender. First Florida Governmental Financing Commission is in the process of dissolution and to achieve this goal it cannot have any debt under its name outstanding. To accommodate their dissolution the City refunded, on a current basis, the Series 2012 FFGFC Refunding Revenue Bond with the \$8,595,000 PNC Bank Refunding Revenue Note, Series 2018 and Series 2014 FFGFC Refunding Revenue Bonds with the \$6,515,000 Pinnacle Public Finance, Inc. Refunding Revenue Note, Series 2018 for the same terms and conditions that existed under the FFGFC borrowings. No economic gains or change in time resulted. Nominal issue charges were incurred for the refunding, \$30,500 for Pinnacle and \$33,500 for PNC, these costs will be offset by cost reduction in future years where the City no longer pays the FFGFC administration cost (ranging from \$30,000 to \$50,000 a year).

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

4. **CHANGES IN LONG-TERM LIABILITIES** – The following is a summary of changes in the long-term liabilities for the year ended September 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Loans Payable:					
General Obligation					
Notes, Series 2015	\$ 38,940,000	\$ 0	\$ 2,505,000	\$ 36,435,000	\$ 2,580,000
First Florida Loans	1,070,000	0	1,070,000	0	0
PNC Refunding Note, Series 2017	7,020,000	0	1,615,000	5,405,000	1,660,000
Pinnacle Refunding Note, Series 2017	5,685,000	0	845,000	4,840,000	865,000
Capital Improvement					
Bonds, Series 2016A	33,161,300	0	0	33,161,300	611,268
Redevelopment Revenue					
Bonds	42,440,000	0	5,210,000	37,230,000	5,475,000
Redevelopment Loans	10,603,064	0	2,172,295	8,430,769	2,299,103
HUD Section 108 Loans	960,000	0	460,000	500,000	0
Bond Premium/Discount	9,527,366	0	1,656,513	7,870,853	1,490,349
Total Bonds, Notes and Loans Payable	<u>149,406,730</u>	<u>0</u>	<u>15,533,808</u>	<u>133,872,922</u>	<u>14,980,720</u>
Other Liabilities:					
Compensated Absences	15,400,594	10,057,953	9,794,646	15,663,901	9,794,646
Landfill Closure Costs	87,677	0	87,677	0	0
Claims and Judgments	17,256,752	35,342,550	38,254,952	14,344,350	5,324,444
Capital Lease Obligations	6,936,963	2,267,573	1,410,418	7,794,118	1,510,759
Other Liabilities	300,000	0	0	300,000	0
Other Postemployment					
Benefits Obligation	497,905,813 (1)	0	9,903,041	488,002,772	0
Net Pension Liability	<u>434,917,496</u>	<u>42,348,260</u>	<u>31,596,929</u>	<u>445,668,827</u>	<u>0</u>
Total Other Liabilities	<u>972,805,295</u>	<u>90,016,336</u>	<u>91,047,663</u>	<u>971,773,968</u>	<u>16,629,849</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 1,122,212,025</u>	<u>\$ 90,016,336</u>	<u>\$ 106,581,471</u>	<u>\$ 1,105,646,890</u>	<u>* \$ 31,610,569</u>

* Variance between long-term liability on Statement of Net Position and this note is due to fair value of the DCRA swap agreement related to Series 2006A Promissory Note of (\$325,673).

- (1) The beginning net position of governmental activities has been restated due to the implementation of GASB Statement number 75. The adoption of this statement required the City to record beginning total OPEB liability and the effects on net position/fund balance for the cost of postemployment benefits other than pensions.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Payments on the bonds and loans payable that pertain to the City’s governmental activities are made by the Debt Service Fund, except for the capital lease obligations, which are being repaid directly from an Internal Service Fund and other funds. The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund. In the past, approximately 81% has been paid by the General Fund, and the remainder by various other funds.

The claims and judgments liability is generally liquidated through the City’s Insurance Internal Service Fund. (See Note I.V.C) That fund finances the payment of claims by charging other funds based on management’s assessment of the relative insurance risk that should be assumed by individual funds. Currently, the General Fund and Water and Sewer Utility bear approximately 71% and 19% respectively of all insurance costs; no other individual fund is charged more than 5% of the total amount.

The General Fund has been used to liquidate on average approximately 79% of the City’s net pension liability. Required contributions for the City’s other postemployment benefit obligations are based on a pay-as-you-go basis of which approximately 77% is assigned to the General Fund.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Bonds and Loans Payable:					
Water and Sewer					
Revenue Bonds,					
Series 2014 (a)	\$ 32,825,000	0	4,930,000	27,895,000	5,180,000
Water and Sewer					
Revenue Bonds,					
Series 2010 (a)	44,675,000	0	1,245,000	43,430,000	1,290,000
State Revolving Loans	64,354,935	1,218,178	5,430,707	60,142,406	5,762,810
Capital Improvement					
Revenue and Refunding					
Bonds, Series 2016 (a)	3,728,700	0	0	3,728,700	68,732
Promissory Note	1,755,951	0	398,666	1,357,285	424,420
Bond Premium/Discount	4,598,646	0	1,121,190	3,477,456	977,119
Total Bonds, Notes and Loans Payable	<u>151,938,232</u>	<u>1,218,178</u>	<u>13,125,563</u>	<u>140,030,847</u>	<u>13,703,081</u>
Other Liabilities:					
Compensated Absences	2,734,748	1,574,600	1,634,646	2,674,702	1,634,646
Capital Lease Obligations	6,173,280	0	927,244	5,246,036	970,091
Other Postemployment					
Benefits Obligation	105,370,384	0	2,128,201	103,242,183	0
Net Pension Liability	45,762,165	0		45,762,165	0
Total Other Liabilities	<u>160,040,577</u>	<u>1,574,600</u>	<u>4,690,091</u>	<u>156,925,086</u>	<u>2,604,737</u>
Total Business-Type Activities Long-term Liabilities	<u>\$ 311,978,809</u>	<u>\$ 2,792,778</u>	<u>\$ 17,815,654</u>	<u>\$ 296,955,933</u>	<u>\$ 16,307,818</u>

(a) These amounts are reflected in the financial statements net of unamortized premium/discount of \$3,477,456 at September 30, 2018.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

5. SUMMARY OF ANNUAL DEBT SERVICE REQUIREMENTS – The annual debt service requirements to maturity for debt outstanding as of September 30, 2018 are as follows:

Governmental Activities Debt						
Fiscal Year	General Obligation Note Series 2015		Capital Improvement Revenue & Refunding Bonds, Series 2016A			
	Principal	Interest	Principal	Interest		
2019	2,580,000	1,063,902	611,268	1,586,960		
2020	2,657,000	988,566	1,083,203	1,556,397		
2021	2,729,000	910,981	1,276,472	1,502,237		
2022	2,813,000	831,295	1,339,397	1,438,413		
2023	2,892,000	749,155	2,593,395	1,371,443		
2024-2028	15,781,000	2,428,710	16,086,242	4,602,040		
2029-2030	6,983,000	307,359	10,171,323	820,223		
	<u>\$ 36,435,000</u>	<u>\$ 7,279,968</u>	<u>33,161,300</u>	<u>\$ 12,877,713</u>		

Fiscal Year	BCRA Redevelopment Revenue Bonds		DCRA Redevelopment Revenue Loans (a)		HUD Section 108 Loans (a)	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	5,475,000	1,724,625	2,299,103	458,241	0	12,606
2020	5,745,000	1,444,125	1,686,666	328,413	0	12,606
2021	6,035,000	1,149,625	1,696,667	220,481	500,000	9,455
2022	6,335,000	840,375	1,706,667	113,003	0	0
2023	6,655,000	515,625	686,666	23,644	0	0
2024-2028	6,985,000	174,625	355,000	7,597	0	0
	<u>\$ 37,230,000</u>	<u>\$ 5,849,000</u>	<u>\$ 8,430,769</u>	<u>\$ 1,151,378</u>	<u>\$ 500,000</u>	<u>\$ 34,667</u>

Fiscal Year	PNC Refunding Revenue Note Series 2017		Pinnacle Refunding Revenue Note Series 2017	
	Principal	Interest	Principal	Interest
2019	1,660,000	140,530	865,000	114,708
2020	1,215,000	97,370	885,000	94,208
2021	1,250,000	65,780	745,000	73,233
2022	1,280,000	33,280	765,000	55,577
2023	0	0	780,000	37,446
2024	0	0	800,000	18,960
	<u>\$ 5,405,000</u>	<u>\$ 336,960</u>	<u>\$ 4,840,000</u>	<u>\$ 394,132</u>

(a) Interest is variable, based upon the prevailing prime, LIBOR or other rates and was calculated using the rate in effect at the financial statement date.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Fiscal Year	Business-type Activities Debt					
	Water & Sewer		Water & Sewer		State Revolving Loans (a)	
	Revenue Bonds Series 2014		Revenue Bonds Series 2010			
	Principal	Interest	Principal	Interest	Principal	Interest
2019	1,290,000	3,033,653	5,180,000	1,394,750	5,762,810	1,411,546
2020	1,335,000	2,961,336	5,435,000	1,135,750	5,921,455	1,252,900
2021	1,390,000	2,885,161	5,710,000	864,000	5,629,031	1,096,886
2022	1,445,000	2,802,372	5,990,000	578,500	5,353,244	959,088
2023	1,505,000	2,714,863	5,580,000	279,000	5,494,458	817,874
2024-2028	8,660,000	11,879,624	0	0	17,572,457	2,360,521
2029-2033	10,895,000	8,508,665	0	0	9,666,668	953,958
2034-2038	13,755,000	4,198,234	0	0	4,574,579	164,071
2039-2042	3,155,000	227,097	0	0	167,704	2,834
	<u>\$ 43,430,000</u>	<u>\$ 39,211,005</u>	<u>\$ 27,895,000</u>	<u>\$ 4,252,000</u>	<u>\$ 60,142,406</u>	<u>\$ 9,019,678</u>

Fiscal Year	Capital Improvement Revenue & Refunding Bonds Series 2016A		Promissory Note Series 2009A	
	Principal	Interest	Principal	Interest
2019	68,732	178,440	424,420	87,681
2020	121,797	175,003	451,838	60,263
2021	143,528	168,913	481,027	31,074
2022	150,603	161,737	0	0
2023	291,605	154,207	0	0
2024-2028	1,808,758	517,459	0	0
2029-2033	1,143,677	92,227	0	0
	<u>\$ 3,728,700</u>	<u>\$ 1,447,987</u>	<u>\$ 1,357,285</u>	<u>\$ 179,018</u>

(a) Debt service is calculated on total principal outstanding at fiscal year end using a weighted average interest rate.

6. UNAMORTIZED PREMIUMS AND DISCOUNTS – Original issue discounts and premiums on long-term debt are amortized over the life of the respective liability in the enterprise funds. Such amounts are amortized using the effective interest method.
7. PLEDGED REVENUE – General long-term debt bonds/notes are collateralized by multiple sources. For example, the general obligation note is secured by ad valorem taxes on all taxable property within the City and the full faith and credit and taxing power of the City. The City has pledged certain revenue to repay certain bonds and loans outstanding as of September 30, 2018.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The following table reports the revenue pledged for each debt issue, the amounts of such revenue received in the current year, the current year principal and interest paid on the debt, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenue for each debt, which is the amount of the remaining principal and interest on the bonds and loans at September 30, 2018:

<u>Bond/Loan Description</u>	<u>Pledged Revenue</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Governmental Activities:					
General Obligation Note, Series 2015	Ad Valorem Revenues	\$ 92,897,981	\$ 3,642,049	\$ 43,714,968	2030
First Florida Loans	Non-Ad Valorem Revenues	136,081,695	1,123,500	0	
Capital Improvement Revenue & Refunding Bonds, Series 2016A	Half Cent Sales Tax & Simplified Communications Tax Revenues	15,148,465	1,586,960	46,039,013	2031
BCRA Redevelopment Revenue Bonds, Series 2015	Increment Tax Revenues	26,043,404	7,201,750	43,079,000	2024
	Designated Non-Ad Valorem Revenues *	51,415,918			
DCRA Redevelopment Revenue Loans, Series 2002 to 2015	Increment Tax Revenues	7,129,068	2,747,918	9,575,905	2024
HUD Section 108 Loans	CDBG Grant Allocation and Program Revenue	1,486,160	478,766	528,840	2021
PNC Refunding Revenue Note, Series 2017	Non-Ad Valorem Revenues	136,081,695	1,797,520	5,741,960	2022
Pinnacle Refunding Revenue Note Series 2017	Non-Ad Valorem Revenues	136,081,695	979,735	5,234,132	2024
Business-type Activities:					
Water and Sewer Revenue Bonds, Series 2014	Utility Revenues	100,462,955	4,347,203	82,641,005	2039
Water and Sewer Revenue Bonds, Series 2010	Utility Revenues	100,462,955	6,571,250	32,147,000	2023
State Revolving Fund Loans	Reuse System and Utility Revenues	100,462,955	7,174,358	69,162,084	2042
Capital Improvement Revenue & Refunding Bonds	Half Cent Sales Tax & Simplified Communications Tax Revenues	15,148,465	178,440	5,176,686	2031
Promissory Note, Series 2009A	Non-Ad Valorem Revenues	136,081,695	512,100	1,536,303	2021

* Designated non-advalorem revenues have been pledged subject to certain conditions.

- J. **NONEXCHANGE FINANCIAL GUARANTEES** – On January 23, 2014, the City of Hollywood (City) entered into a 32 year guarantee agreement with the Hollywood Beach Community Development District 1 (District) when the District issued its \$36,395,000 Taxable Revenue Bonds (Public Parking Facilities Project), Series 2014 (Bonds). The District is a legally separate district encompassing approximately 5.13 acres located within the City of Hollywood and was established by Ordinance O-2011-21 of the City effective June 1, 2011 pursuant to the provisions of Chapter 190, Florida Statutes. The bonds were issued for the purpose of funding a public parking garage. The bonds’ interest rate varies from 5.00% to 6.25% with interest being paid semi-annual on April 1 and October 1 of each year and with principal payments on October 1 of each year (except for 2014, 2015 and 2016 whereby interest only was paid). Debt payments started in October 2014 until final payment in October 2045. Funding for the debt service is provided by the District’s parking revenue, public user fees contracted with the developer of the property, and the District can special assess the Developer’s property if such parking fees and user fees are not sufficient. In the event that the District does not have sufficient funds to service the Bonds, the City will fund any deficiency in the debt service reserve fund from legally available non ad valorem revenues.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

- K. **FUND BALANCE REPORTING** – Governmental Accounting Standards Board Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” (GASB 54) provides a structured classification of fund balance to improve the usefulness of fund balance reporting to the users of the City’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major fund balance classifications: nonspendable and spendable. Nonspendable fund balance includes amounts that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of nonspendable fund balance include inventory and prepaid items.

GASB 54 provides for four categories of the spendable fund balance classification based on the level of constraint placed on the use of those resources.

RESTRICTED FUND BALANCE includes resources constrained to a specific purpose by their external providers such as grantors and contributors, or laws and regulations.

COMMITTED FUND BALANCE includes amounts that can only be used for specific purposes in accordance with constraints imposed by the City Commission through an ordinance or resolution (which are equally binding as the highest decision-making authority). These items cannot be used for any other purpose unless the Commission takes action to remove or change the constraint.

ASSIGNED FUND BALANCE includes resources the City intends to use for a specific purpose that are not classified as nonspendable, restricted or committed. Encumbrances are recorded within an assigned fund balance category. Assignments are recommended by the City Manager based on the City Commission direction during the annual budget process, and the City Commission authorizes assignments by the adoption of a resolution.

UNASSIGNED FUND BALANCE only for General Fund, includes the remaining fund balance, or net resources, available for any purpose. Unassigned fund balance represents amounts that are not constrained in any way. In governmental funds other than the General Fund, if expenditures incurred for a specific purpose exceed the amounts that are restricted, committed or assigned to that purpose, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Commission has provided otherwise in its commitment or assignment actions.

The City’s fund balance is reported in the following hierarchy for the General Fund at September 30, 2018:

NONSPENDABLE – The General Fund has \$37,298 classified as nonspendable and is comprised of inventory.

RESTRICTED – The General Fund currently has no funds classified in this category.

COMMITTED – The General Fund has \$9,482,991 classified as committed and reflects the City’s covenant to maintain a five percent (5%) fund balance as a debt reserve for future borrowings. In addition, the City Commission adopted by Resolution an Economic Stabilization Fund Policy that commits an amount equal to five (5) percent of General Fund expenditures. The Policy states that the use (appropriation) of committed fund balance will be considered in conjunction with the annual budget adoption process or by budget amendment approved by resolution of the City Commission during the fiscal year. This reserve was created for the specific purpose stipulated in the legislation to protect the City from adverse financial impacts in the event of unexpected economic events. For fiscal year ended September 30, 2018 the Economic Stabilization fund equals \$9,482,991, which is represented in the total committed.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

ASSIGNED – The General Fund currently has \$4,983,798 classified in this category.

UNASSIGNED – The General Fund currently has \$57,592,347 classified in this category.

MINIMUM FUND BALANCE POLICY – The General Fund has adopted a target minimum unassigned fund balance policy of seventeen percent (17%) of General Fund expenditures which is equivalent to two months of operations as recommended by the Governmental Finance Officers Association. This target is inclusive of any committed or assigned amounts.

The City met all of its fund balance targets at September 30, 2018.

The following table shows the City’s fund balance classifications for its governmental funds as of September 30, 2018:

	Major Funds				
	General	General Capital Projects	Beach Community Redevelopment	Downtown Community Redevelopment	Other Governmental Funds
Nonspendable:					
Inventories of Supplies	\$ 37,298	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for:					
Assets Held for Sale	0	0	0	0	201,925
Debt Covenants	0	0	5,675,339	0	282,187
Grants & Special Programs	0	820,547	6,034,300	2,222,458	3,230,421
Public Safety Projects	0	769,390	995,740	1,333,924	3,151,578
Street & Sidewalk Projects	0	162,576	0	0	2,893,359
Redevelopment Projects	0	0	11,078,555	0	0
Park Improvements & Renovations	0	46,166	150,000	0	0
Other Capital Projects	0	1,604,573	10,534,345	0	0
Committed to:					
Stabilization Reserve	9,482,991	0	0	0	0
Facility Maintenance	0	630,279	0	0	0
Public Safety Projects	0	1,559,476	0	0	20,613
Trees & Landscaping	0	288,059	0	0	0
Park Improvements & Renovations	0	2,706,232	0	0	0
Assigned to:					
Assets Held for Sale	0	952,590	0	0	0
Subsequent Year's Budget	4,983,798	0	0	0	0
Public Safety Projects	0	0	0	0	25,609
Future Debt Service	0	0	0	0	1,097,588
Unassigned	<u>57,592,347</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(9,948,274)</u>
Total Fund Balances	\$ <u>72,096,434</u>	\$ <u>9,539,888</u>	\$ <u>34,468,279</u>	\$ <u>3,556,382</u>	\$ <u>955,006</u>

- L. DEFICIT NET POSITION FUND BALANCE OF INDIVIDUAL FUNDS – Net position deficit in the Central Services Fund continues to exist due to GASB 68 impact of \$12.7 million in FY 2015, a prior period adjustment of \$4.5 million in FY 2016 and GASB 75 impact of \$13.6 million in FY 2018. However, the Central Services Fund’s operations generated a positive change in net position of \$1.4 million in the current year. Management will continue to evaluate the operations in the Central Services Fund in the future and take necessary steps to improve the net position of the fund.

The fund balance deficit in the Police Grants Fund totaling \$119,065 is expected to be eliminated by revenue collectible in future years. The revenue is related to reimbursement based grants which do not meet the availability criteria at year end for revenue recognition and is reported as deferred inflows of resources.

The Emergency and Disaster Fund had a fund balance deficit of \$9,829,209 as a result of expenditures incurred in the preparation and recovery from Hurricane Irma. The City is in the process of preparing documentation to submit to FEMA for reimbursement once the funding agreement is in place.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

NOTE IV – OTHER INFORMATION

- A. RESTRICTED ASSETS – The amounts shown below are those assets restricted by sources external to the City.

Ordinances pertaining to long-term debt and other agreements require segregation and restriction of certain assets represented by the following amounts within the enterprise funds at September 30, 2018:

Water and Sewer Utility Fund:			
Construction Contracts and Retainage	\$	7,797,991	
Customer Deposits		9,109,464	
Rate Stabilization Funds		10,000,000	
Notes Payable - State Revolving Loan		3,525,929	
Renewal, Replacement and Improvement Funds:			
Construction Projects		46,704,682	
Impact Fee Reserves:			
Water System	\$	1,698,826	
Sewer System		<u>2,986,593</u>	4,685,419
			<u>\$ 81,823,485</u>
Sanitation Enterprise Fund:			
Customer Deposits	\$		<u>820,210</u>
Parking Enterprise Fund:			
Remaining Balance on Garage Project	\$		<u>112,682</u>

Borrowing agreements for other funds require restriction of certain assets. Amounts required to be restricted totaled \$17,683,411 at September 30, 2018 for Governmental Funds. The composition of this amount is shown by fund below:

General Fund:			
Landfill Closure	\$	88,817	
General Capital Projects:			
2016 Capital Improvement Bonds		3,511,162	
Beach Community Redevelopment:			
2015 Beach CRA Refunding Bonds Debt Service	5,675,339		
2015 Beach CRA Refunding Bonds Construction	6,279,818		
Downtown Community Redevelopment:			
2015 Downtown CRA Note 2015 Series		85,208	
Special Revenue Fund			
HUD Section 108 Pledged Notes Receivable		<u>2,043,067</u>	
	\$		<u>17,683,411</u>

Restricted assets reflected in the government-wide financial statements are displayed as such as required by ordinances, borrowing agreements and certain grant contracts.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

- B. **ASSETS HELD FOR SALE** – In October 2014, the City entered into an agreement to purchase the Cononie and COSAC properties from COSAC Homeless Assistance Center, Sean A. Cononie and Mark W. Targett. The City intends to sell these properties in the future. Properties were recorded at net realizable value or cost, whichever was lower.

<u>Location</u>	<u>Folio #</u>	<u>Size: Land/Building</u>	<u>Recorded Value</u>
1203 N. Federal Highway	514210050030	0.45 acres (a)	\$ 411,890
550 N. 66 Terrace	514114082690	0.16 acres/1,584 sf	180,000
2323 Cleveland Street	514209054240	0.15 acres/922 sf	125,000
Timeshare - Hollywood Sands		1 week	10,200
Timeshare - Hollywood Beach Residence		1 week	3,500
7508 Grant Court	514110090620	0.19 acres/1,765 sf	222,000
			<u>\$ 952,590</u>

- (a) Property had a building that was demolished in early October 2015 and as such only the land value was recorded.

The City’s Housing department acquired vacant lots for the purpose of developing them into affordable housing. Properties were recorded at lower of net realizable value or cost.

<u>Location</u>	<u>Folio #</u>	<u>Size: Land/Building</u>	<u>Recorded Value</u>
5608 Wiley Street	514124130150	0.13 acres	\$ 27,480
2030 Dewey Street	514222100511	0.19 acres	73,110
2034 Dewey Street	514222100510	0.19 acres	73,110
5812 Plunkett Street	514124100781	0.08 acres	28,225
			<u>\$ 201,925</u>

The total assets held for sale at September 30, 2018 was \$1,154,515.

Four of the properties from the assets held for sale were sold during the fiscal year 2018 for \$686,755 and had a record realizable value of \$633,000. This resulted in a gain of \$53,755 which is reflected as miscellaneous revenue in the Downtown CRA Statement of Revenues, Expenditures and Changes in Fund Balance on page 37.

<u>Location</u>	<u>Folio #</u>	<u>Size: Land/Building</u>
901 N.W. 70 Terrace	514111233030	0.17 acres/1,042 sf
2131 Cleveland Street	514209050260	0.15 acres/1,479 sf
2534 McKinley Street	514209060130	0.16 acres/1,688 sf
1936 Garfield Street	514203105020	0.19 acres/1,281 sf

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

- C. **CLAIMS PAYABLE – INSURANCE FUND** – The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City’s Insurance Fund (an internal service fund) accounts for and finances its uninsured risks of loss. Under this program, the Insurance Fund provides coverage for up to a maximum of \$600,000 for each workers’ compensation claim, \$400,000 for each general liability claim and \$350,000 for each health insurance claim. The Master Property Program (excluding Water and Sewer Utility properties) has \$199 million for property coverage with a deductible of \$25,000 for each property damage claim, except wind/hail which has a deductible of 5%, but not less than \$250,000 for direct damage. Wind has a cap of \$30 million. The Water and Sewer Utilities program has \$280 million of property coverage with a deductible of \$25,000 for each property damage claim, except for wind/hail which has a deductible of 5%, but not less than \$500,000 for direct damage. Wind has a cap of \$50 million. The City purchases commercial insurance for workers’ compensation, general liability, public officials, property damage and health claims in excess of coverage provided by the Fund.

All funds of the City participate in the program and make payments to the Insurance Fund based on actuarial estimates of the amounts to pay prior and current-year claims. The claims liability of \$14,344,350 reported in the Insurance Fund at September 30, 2018, is based on GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues” which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims payable liability is based on actuarial evaluations performed by independent actuaries as of September 30, 2018. This liability consists of claims reported and payable, as well as an estimate for claims incurred and not reported as of that date. At September 30, 2018, claims payable for auto and general liability totaled \$7,960,853 and \$3,982,218 for workers’ compensation claims. These amounts reflect a discounted rate factor of 2.5%. The remaining balance of \$2,794,752 of claims payable consists of amounts for health and dental claims which are not discounted. The liability for unpaid amounts of liability, workers’ compensation and employee health claims is reported in the Insurance Fund with a summary of changes in those amounts as follows:

<u>Fiscal Year</u>	<u>Claims Payable October 1</u>	<u>Claims and Changes in Estimates</u>	<u>Adjustment Expenses Paid</u>	<u>Claims Payable September 30</u>
2017	\$ 14,749,672	\$ 40,477,781	\$ (37,970,701)	\$ 17,256,752
2018	17,256,752	35,342,550	(38,254,952)	14,344,350

- D. **CONTINGENT LIABILITIES** – The City is a defendant in various lawsuits. Although the outcome of such litigation is not presently determinable, management does not believe the settlement of these matters will have a material effect upon the financial condition or results of operations of the affected funds.

The City participates in a number of federal, state and local grant assistance programs. The grants are subject to audit by the granting agencies to determine if activities undertaken by the City comply with conditions of the grant. Management believes that no material liability will arise from any such audits.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

- E. **LANDFILL CLOSURE COSTS** – The City owns a piece of property that was used in prior years as a landfill. This site has been closed for several years and no additional refuse has been deposited there. This landfill was formally declared closed during fiscal year 1998 after current closure care work was completed. Formal public notice, as required by Chapter 62-701 of the Florida Administrative Code, regarding this property was recorded in the Broward County property records wherein the City is located. As a result, this property remains in the postclosure care phase.

The necessary major components of postclosure care consist of land surface care, groundwater monitoring and methane gas monitoring. The City has accrued, based on consulting engineers' estimate, \$88,817 payable from General Fund restricted cash for anticipated current postclosure costs as of September 30, 2018.

F. **TAX ABATEMENTS AND OTHER INCENTIVES**

ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTION – The City's program provides a tax incentive that encourages investors/business owners to invest in new business or expand existing business in Hollywood. The City offers an Ad Valorem Tax Exemption of up to 25% of the City's portion (up to 50% in the Liberia Area Business Corridor) of ad valorem taxes for a period not to exceed 8 years for qualifying new or expanding businesses that invest at least \$250,000 in capital improvements and create new jobs. The award and amount of the exemption are authorized under City Ordinance 38.90 and require City Commission approval. A tax incentive is given to the qualifying new or expanding businesses via a percentage reduction in the tax that is collectible from the property (only ad valorem tax imposed by the City). The percentage will be determined by the City Commission within the limits set by the City Ordinance 38.90. The number of years that the business will qualify for the exemption is determined by a point system set forth in the City Ordinance 38.90. At present the program does not have any recapture provision but the City can revoke any remaining years of the exemption should any new business or expansion fail in any of its responsibilities and/or representations to the City. At present, no businesses are participating in the program.

DOWNTOWN CRA AD VALOREM TAX INCENTIVE DEVELOPER AGREEMENTS – In order to encourage the development of specific projects in the Downtown CRA district, the Downtown CRA has entered into development agreements with developer(s) whereby the developer agrees to complete a development project in exchange for a percentage repayment of the increase in ad valorem taxes that projects would generate in the Downtown CRA district in future years. The duration of the tax rebate and percentage of tax increase rebated is negotiated between the CRA and developer and is approved via resolution by the Downtown CRA board. All agreements have a not to exceed amount of taxes that can be rebated during the life of the agreement. At present the Downtown CRA has two agreements in place that are still active and are as follows:

1. Agreement between the City, Downtown CRA and SFD@Hollywood, LLC for a mixed use development project to be located on the Great Southern Hotel site. This agreement was entered on July 20, 2004 pursuant to Section 163.370 FS, Section 163.358 FS and 166.021 FS. The developer agreed to maximize the preservation and restoration of the historical components of the Great Southern Hotel and expend millions of dollars in order to accomplish the task. Commencing in the year when the CRA first received tax increment funds from the completed project, the Downtown CRA will pay the developer an amount equal to 50% of the annual projects' ad valorem tax increment until whichever stipulation occurs first:
 - a. The total sum of \$11,200,000 has been paid to the developer in the aggregate, or
 - b. Twenty years of the annual payments described above have been made to the developer.

In FY 2018 a total of \$0 was rebated to the developer since development has yet to be completed.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

2. Agreement between the City, Downtown CRA and SFD@Hollywood, LLC for the Block 55 Redevelopment Project. This agreement was entered on July 20, 2004 whereby the developer agreed to complete the construction of residential and commercial properties to significantly reduce blight in the City's Downtown CRA and enhance the City and CRA areas around Young Circle Arts Park. This agreement would also bring synergy and critical mass to those areas. Commencing in the year when CRA first receives tax increment funds from the completed project, the Downtown CRA will pay the developer an amount equal to 50% of the annual project ad valorem tax increment until whichever condition occurs first:
 - a. The total sum of \$14,500,000 has been paid to developer in the aggregate, or
 - b. Twenty years of the annual payments described above have been made to the developer.

In FY 2018, a total of \$0 was rebated to the developer as development has yet to be completed.

OTHER BUSINESS INCENTIVE PROGRAMS:

LOCAL ALTERNATIVE ECONOMIC DEVELOPMENT INCENTIVE PROGRAM – Businesses who participate in the Economic Development Ad Valorem Tax Exemption program are ineligible to participate in this program. Eligible businesses that make a capital investment of not less than \$500,000 in a target area or \$1,000,000 in a non-target area may qualify for financial incentive cash payments from the City. The amount of the incentive is at the discretion of the City Commission and is based on a point scale as set forth in City Ordinance 38.91 that considers factors such as the number of jobs created, salary level of the jobs created, amount of capital investment and longevity of the business in the City. Each point makes a business eligible for an annual payment of \$1,000, up to a maximum annual payment of \$100,000. The maximum payment to any eligible firm over its lifetime cannot exceed \$500,000. The monetary amount represents the maximum amount which may be awarded by the City Commission and the City Commission reserves the right to lesser amounts for reasons including but not limited to available budget resources and other constraints. The payments normally start in the second year that the business is operating and can continue through six years of operation. Qualification for payments of the cash incentive in year two through six must occur independently at the completion of each successive year to ensure the continued adherence to the criteria established. At present, no businesses are participating in this program.

COMMUNITY REDEVELOPMENT AGENCY BUSINESS INCENTIVE PROGRAMS:

HOTEL IMPROVEMENT PROGRAM – The Hotel Improvement Program (HIP) has been established as an incentive for owners and tenants of small properties defined as hotel/motel, inn, or bed and breakfast, located in both the Downtown and Beach districts of the Hollywood CRA. This program provides a 33% reimbursement grant of up to \$250,000 or 20% of the assessed value, whichever is lower, for comprehensive fixed capital improvements to both the interior and exterior of the property. As part of receiving this grant, the property must become certified as a Superior Small Lodging or a AAA Diamond Rated Property.

PROPERTY IMPROVEMENT PROGRAM – The Property Improvement Program (PIP) is an incentive grant program of the CRA for owners and tenant buildings located within the CRA districts. It provides a 50% reimbursement grant of up to \$50,000 for comprehensive fixed capital improvements to the exterior of the property. The goal of this program is to encourage commercial multi-family and single-family rental properties to renovate, restore and improve their property by enhancing its visual quality and attractiveness.

PAINT ONLY PROGRAM – The Paint Only Program (POP) is an incentive grant program of the CRA for owners and tenants of buildings located in the CRA districts. It provides a 50% reimbursement grant up to \$10,000 for cleaning, patching and painting of a building's exterior when done by a licensed contractor.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

G. OTHER POSTEMPLOYMENT BENEFITS – The City accounts for postemployment health care benefits provided in accordance with GASB 45.

1. PLAN DESCRIPTION – The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the City. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the City may continue to participate in the City’s self-funded health and hospitalization plan for medical, prescription and drug coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

BENEFITS PROVIDED – Certain Other Post-Employment Benefits (OPEB) are available to all employees retiring from the City under the provisions of disability, early or normal retirement. The OPEB benefits include lifetime access to coverage for the retiree and dependents under the medical and prescription plans as well as participation in dental, vision and group life insurance plans sponsored by the City for employees.

Eligible retirees may chose the same medical plan available to active employees of the City. Dependents of retirees may be covered at the retiree’s option the same as dependents of active employees. Prescription drug coverage is automatically extended to retirees and their dependents who continue coverage under the Medical Plan. Covered retirees and their dependents are subject to all the same medical and prescription benefits and rules for coverage are as active employees. Retirees and their dependents age 65 and over are required to enroll in Medicare Part B in order to remain covered under the program. The plan pays as secondary for claims otherwise covered under Medicare.

Deferred retirement is not allowed to elect coverage at the time of retirement.

Employees covered by benefit terms. At September 30, 2018, a total of 2,527 participants were covered by the benefit terms:

Active employees or beneficiaries currently receiving benefit payments	1,297
Employees entitled to but not yet receiving benefit payments	41
Inactive employees	1,189
	<u><u>2,527</u></u>

TOTAL OPEB LIABILITY

The City’s total OPEB liability of \$591,224,960 was determined by an actuarial valuation as at September 30, 2018.

2. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS – The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs which were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	3.83 percent
Healthcare cost trend rates	Developed using the SOA model, adjusted for the cadillac tax with resulting rate of 5.40% for FY 2019-2020.
Retirees' share of benefit related costs	25 percent of projected health insurance premiums for retirees

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The discount rate of 3.83% was based on the 20-year general obligation index as of 10/1/2018. Mortality rates were based on the RP-2014 White Collar Mortality Table with Scale MP-2014 for general employees and an RP-2014 Blue Collar Mortality Table with Scale MP-2014 for Police and Fire.

The actuarial assumptions used on the September 30, 2018 valuation were based on pre and post-Medicare claims for the fiscal years 2016 and 2017.

3.

Changes in the Total OPEB Liability

		Total OPEB Liability (a)
		<u> </u>
Balance at 9/30/17	\$	603,276,197
 Changes for the Year:		
Service Cost		18,898,737
Interest		20,845,586
Changes in assumptions or other inputs		(36,399,563)
Trust Contributions - Employer		<u>(15,376,001)</u>
 Net Changes		 <u>(12,031,241)</u>
 Balance at 9/30/18	\$	 <u><u>591,244,956</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2017 to 3.83 percent in 2018.

Sensitivity of the total OPEB liability to Changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.83 percent) or 1-percentage-point higher (4.83 percent) than the current discount rate.

	1% Decrease (2.83%)	Discount Rate (3.83%)	1% Increase (4.83%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	\$ 712,153,439	\$ 591,244,956	\$ 498,030,722

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

H. PENSION PLAN INFORMATION – The following information is provided in accordance with GASB statement requirements on financial reporting for pensions. These statements prescribe standards for the measurement, recognition and display of pension expenditures/expenses and related liabilities, deferred outflows of resources, deferred inflows of resources, note disclosure and required supplementary information.

1. PLAN DESCRIPTIONS – The City, as a single employer, maintains three defined benefit pension plans covering substantially all full-time employees. As described in Note I.A., the Employees Retirement Fund, Fire Pension Fund and Police Retirement Fund are included in the City’s financial reporting entity. Sections 33.025 through 33.138 of the Hollywood City Code of Ordinances currently contain the specific provisions of each plan. The Board of Trustees of each plan can recommend to the City changes to the benefit provisions of their plan.

Each retirement fund provides retirement, disability, and death benefits, and certain cost-of-living adjustments to plan members and beneficiaries. Each retirement fund issues a publicly available financial report that includes financial statements and required supplementary information for the plan. Those reports may be obtained by writing or calling the retirement fund.

Employees Retirement Fund City of Hollywood 2600 Hollywood Boulevard City Hall Annex, Room 20 Hollywood, Florida 33020 (954) 921-3333	Fire Pension Fund 310 South 62 Avenue Hollywood, Florida 33023 (954) 967-4331	Police Retirement Fund 4205 Hollywood Boulevard Suite 4 Hollywood, Florida 33021 (954) 967-4395
--	--	---

The financial statements of the Employees Retirement Fund, Fire Pension Fund, and Police Retirement Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which the employee services are performed. Dividend and interest income, as well as both realized and unrealized gain or loss on investment sales is recognized when earned. Purchases and sales of investments are recorded on the date the trade is executed. Benefit payments and refunds to plan members are recognized when due and payable in accordance with the terms of the appropriate plan.

2. PLAN MEMBERSHIP – Membership of each plan consisted of the following at October 1, 2017, the date of the most recent actuarial valuation:

	<u>Employees Retirement Fund</u>	<u>Fire Pension Fund</u>	<u>Police Retirement Fund</u>
Active Members	606	213	280
Inactive Plan Members Entitled But Not Yet Receiving Benefits	112	13	10
Inactive Plan Members and Beneficiaries Currently Receiving Benefits	<u>1,023</u>	<u>247</u>	<u>369</u>
	<u><u>1,741</u></u>	<u><u>473</u></u>	<u><u>659</u></u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

3. BENEFITS AND CONTRIBUTIONS

GENERAL EMPLOYEES PLAN:

NORMAL RETIREMENT – A plan member hired prior to July 15, 2009 must attain the age of 55 with 5 years of creditable service, or complete 25 years of creditable service, regardless of age, in order to be eligible for normal retirement. For Plan members hired on or after July 15, 2009, normal retirement date shall be age 57 or older with 25 years of credited service; age 60 or older with 7 years of credited service; or 30 years of credited service, regardless of age.

For a Plan member hired prior to July 15, 2009 and who is currently employed by the City, who has been contributing to the Plan during their full period of employment, and who exercises normal retirement is entitled to receive a retirement benefit equal to 3% of the member's average monthly compensation (based on the three highest consecutive years of employment) multiplied by years of creditable service, up to a maximum of 27 years, with a maximum benefit equal to 81% of the member's average monthly compensation.

EMPLOYEES HIRED PRIOR TO JULY 15, 2009:

- For Plan members hired prior to July 15, 2009 who retire on or after August 17, 2009 without entering the Deferred Retirement Option Plan (DROP), a 2% COLA shall be payable annually 3 years after retirement benefits begin. For Plan members hired prior to July 15, 2009 who enter the DROP on or after August 17, 2009, a 2% COLA shall be payable annually commencing the later of 3 years after retirement benefits begin or 1 year after separation of employment.
- Contributions for these employees increased to 8% of compensation on October 1, 2009 and then to 9% of compensation on October 1, 2010.
- For Plan members hired prior to July 15, 2009 who retire or enter the DROP on or after August 17, 2009 compensation shall exclude all earnings and payouts for blood time and compensatory time. Payouts for accumulated annual leave that may be counted as compensation for such members shall not exceed 125 hours per year for employees covered by the general employees' bargaining unit and shall not exceed 60 hours per year for employees who retire from a position not covered by the general employees' bargaining unit.
- Members who were hired from October 1, 1976 to September 30, 1989 and elected to participate on a contributory basis in early 1991 had the option of keeping their benefit accrual rate of 1% for creditable years of service prior to the date the member started contributions, or paying additional contributions to obtain an increased benefit accrual rate for creditable years of service prior to the date the member started contributions. Upon exercising normal retirement the monthly retirement benefit for such members who elected not to pay the additional contribution would be computed using a combination of a rate of 1% for creditable years of service prior to the date the member started contributions, and currently a benefit accrual rate of 3% for creditable years of service after the date the member started contributions.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

- Employees who retire after September 30, 1998 will receive a benefit of 3% of average monthly salary with a maximum benefit equal to 81% of average monthly salary. Any former noncontributory member who does not “buy-back” previous service is subject to a 1% benefit rate for service prior to their election to enter the Plan. Further, members who were in the noncontributory group on July 1, 1999 receive a 1% benefit rate for service prior to July 1, 1999. For Plan members hired on or after July 15, 2009, upon reaching normal retirement date, a member is entitled to a normal retirement benefit of 2.5% of average final compensation for each year of credited service, up to a maximum of 81% of average final compensation. Average final compensation shall be based on the member's highest 104 consecutive bi-weekly pay periods of credited service.

EMPLOYEES HIRED ON OR AFTER JULY 15, 2009:

- Vesting period will be 7 years of credited service.
- Normal retirement date shall be age 57 or older with 25 years of credited service, age 60 or older with 7 years of credited service, or 30 years of credited service, regardless of age.
- Upon reaching normal retirement date a member is entitled to a normal retirement benefit of 2.5% of average final compensation for each year of credited service, up to a maximum benefit of 81% of average final compensation.
- Average final compensation shall be based on the member's highest 104 consecutive bi-weekly pay periods of credited service.
- Compensation shall include only the member's base pay, which includes longevity pay, but no other payments shall be included.
- Eligibility for non-duty disability benefits shall commence upon the member completing 7 years of credited service.
- A vested member who separates from City employment prior to his or her normal retirement date and does not receive a refund of contributions shall have a right to receive a retirement benefit beginning at age 60 based on the benefit formula in effect on the date of separation from City employment, years of credited service and average final compensation on that date.
- Members shall contribute 9% of their compensation to the Plan.
- Members shall not be eligible to participate in the DROP.
- Members shall not be eligible for a COLA after their retirement benefits commence.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

EMPLOYEES HIRED ON OR AFTER OCTOBER 1, 2011:

As of September 30, 2011, benefits under the previously existing plan were frozen. The plan had numerous changes that were effective October 1, 2011 impacting mainly General Fund plan members and employees. The pension plan changes were designed to help reduce the City's future pension costs. Effective October 1, 2011, General Fund members are subject to a new benefit structure applicable to future credited service. Any General Fund member who was eligible to retire with normal retirement benefits on or before September 30, 2011 and is so eligible on September 30, 2011, the benefit structure in effect on September 30, 2011 shall remain in effect beyond September 30, 2011 and shall not be frozen; provided, however that any such General Fund member who did not enter the DROP on or before September 30, 2011 shall not be eligible to participate in the DROP. There are no changes in pension benefits to employees paid in the City's Enterprise Funds. Under the benefit structure effective October 1, 2011, the normal retirement date for a General Fund member with less than 10 years of credited service as of September 30, 2011 shall be age 65 or older with 7 years of credited service; age 62 or older with 25 years of credited service; or age 60 or older with 30 years of credited service, provided, however, that the normal retirement date of a General Fund member hired prior to July 15, 2009 shall remain as it was on September 30, 2011.

The vesting period for General Fund members not vested in the plan as of September 30, 2011 becomes 7 years of credited service. A General Fund member is entitled to a normal retirement benefit of 2.5% of average final credited compensation earned on or after October 1, 2011 up to the benefit equal to the net result of subtracting from 81% the product of 3% times the number of years of credited service earned up to September 30, 2011. Average final compensation for General Fund members effective October 1, 2011 shall include only the member's base pay which includes longevity but no other payments shall be included. A General Fund member's entitlement to a benefit in the form of a COLA shall be frozen as of September 30, 2011. Under the benefit structure effective October 1, 2011, a General Fund member shall not be eligible for a COLA.

Members hired on or after October 1, 2011 shall receive the same retirement benefits as members hired on or after July 15, 2009 but prior to October 1, 2011 subject to the following:

- (1) Normal retirement date shall be age 65 or older with 7 years of credited service; age 62 or older with 25 years of credited service; or age 60 with 30 years of credited service.
- (2) Vesting period is 7 years of credited service.
- (3) Upon reaching normal retirement date, a General Fund member is entitled to a normal retirement benefit of 2.5% of average final compensation for each year of credited service, up to a maximum of 81% of average final compensation.
- (4) Average final compensation for a General Fund member is based on the highest 130 consecutive bi-weekly pay periods of the last 260 bi-weekly pay periods of credited service.
- (5) Eligibility for non-duty disability benefits shall commence after completing 7 years of credited service.
- (6) General Fund members are not eligible to participate in the DROP.
- (7) General Fund members will not be eligible for a COLA.
- (8) General Fund members who separate from the City prior to his or her normal retirement date having completed 7 years of credited service, does not receive a refund of contributions shall have the right to receive a service retirement benefit beginning at age 65 based on the benefit formula in effect on the date of separation from City, years of credited service and average final compensation on that date.
- (9) Member contribution changed from 9% to 8% of their compensation effective April 2014.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

DISABILITY RETIREMENT – After five years of creditable service, a Plan member hired prior to July 15, 2009 who becomes totally and permanently disabled, as defined by the Plan, may retire on a non-service incurred disability retirement benefit. For Plan members hired on or after July 15, 2009, and General Fund Plan members hired on or after October 1, 2011, eligibility for non-duty disability benefits shall commence upon the member completing 7 years of creditable service. A Plan member under a disability retirement shall be entitled to receive a retirement benefit equal to 75% of the member's compensation if the disability occurred in service. Such benefit is payable from the first day of disability. For a non-service incurred disability retirement, the member hired prior to July 15, 2009 must have completed 5 years of credited service and shall be entitled to receive a retirement benefit equal to the member's accrued benefits, but not less than 20% of the member's average monthly compensation, which is payable until the member's death or recovery. For Plan members hired on or after July 15, 2009, eligibility for non-duty disability benefits shall commence upon the member completing 7 years of credited service.

PRERETIREMENT DEATH BENEFITS – Effective April 5, 2006 for members included in the American Federation of State, County and Municipal Employees (AFSCME) General bargaining unit, March 7, 2007 for members included in the AFSCME Professional and Supervisory bargaining units, and July 18, 2007 for members not included in any bargaining unit, when an employed member of the Employees Retirement Fund of the City, who is vested, dies before retirement, his or her designated beneficiary (or beneficiaries) shall have the option of receiving the members' contribution to the fund, plus simple interest at the rate of 4% per year, or benefit payments until his or her own death equal to the benefit payments the deceased member would have received had he or she retired on the day of his or her death having selected to receive his or her annuity as a joint and last survivor, whereby the retired member shall receive a reduced monthly benefit for life, and following the retired member's death, the same monthly benefit is paid to the member's designated beneficiary for life.

DEFERRED RETIREMENT OPTION PLAN (DROP) – This option is available to all Plan members hired before July 15, 2009 and it must be elected on or after the member attains the age of 55, with at least 10 years of creditable service, or 25 years of creditable service, regardless of age, but prior to the completion of 30 years of creditable service. The maximum participation in the DROP is 60 full months or until the member's creditable service plus DROP participation period equals 32 years. Members of the AFSCME General bargaining unit entering the DROP on or after May 1, 2006 are required to sign an irrevocable election to separate from City employment at the conclusion of their DROP participation period. This same requirement applies to the AFSCME Professional and Supervisory bargaining unit members entering the DROP on or after July 1, 2007. Members hired on or after July 15, 2009 and General Fund plan members hired on or after October 1, 2011 shall not be eligible to participate in the DROP. Any General Fund member of the Plan who did not enter the DROP on or before September 30, 2011 shall not be eligible to participate in the DROP.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

A Plan member's creditable service, accrued benefits and compensation calculation are frozen upon participation in the DROP. The monthly benefit amount is calculated based on creditable service, average monthly compensation, and retirement option selected. Average monthly compensation is based on the three highest consecutive years of employment preceding participation in the DROP. Upon commencement of participation in the DROP, the member's contribution and the City's contribution to the Plan for the member cease as the member will not earn further creditable service for pension purposes. For each member electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the Plan into the member's DROP account in an amount equal to the normal monthly retirement benefit, which the member would have received had the member separated from service and commenced receipt of pension benefits. Payments received by the member in the DROP account are tax deferred. Effective July 1, 2006 for Plan members included in the AFSCME General bargaining unit, May 1, 2007 for Plan members included in the AFSCME Professional and Supervisory units, and July 1, 2007 for Plan members not included in any bargaining unit, DROP payments shall earn interest at the same rate as the net rate of investment returns on Plan assets. These amounts are included in the Plan's net position held in trust for pension benefits. Upon termination of employment, members shall receive normal monthly retirement benefits as well as their funds from the DROP account in one of the following manners:

- Lump sum distribution, or
- Rollover of the balance to another qualified retirement plan

COST-OF-LIVING ADJUSTMENT (COLA) – On an annual basis, members hired before July 15, 2009 shall receive an increase in the monthly retirement benefit of 2% for cost-of-living adjustment starting three years after the member retires or enters into the DROP after October 1, 1989. Plan members hired on or after July 15, 2009 and General Fund members hired on or after October 1, 2011 shall not be eligible for a COLA after the member retires.

NET PENSION LIABILITY – The City's net pension liability as measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016.

ACTUARIAL ASSUMPTIONS – The total pension liability was determined by an actuarial valuation as of October 1, 2016 and rolled forward to the measurement date of September 30, 2017 using the following actuarial assumptions applied to all prior periods included in the measurement:

Assumed Rate of Return on Investments	7.7% per annum
Annual Salary Increases	3.0% to 8.0% depending on service, including inflation
Inflation Rate	2.5%
Cost-of-Living Adjustments	None

Mortality rates were based on the RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to 2016 using Scale BB.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The long-term expected rate of return on pension plan investments are developed for each major asset class by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocations as of September 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Fixed Income	30.00 %	1.68%
Domestic Equity	30.00	6.15%
International Equity	20.00	7.11%
Real Estate	10.00	4.90%
Private Equity	7.50	10.28%
Infrastructure	2.50	6.25%
	<u>100.00 %</u>	

DISCOUNT RATE – The discount rate used to measure the total pension liability was 7.7%. The projection of cash flows used to determine the discount rate assumes plan members will contribute at the current contribution rate and the City will continue to make future contributions at rates equal to the difference between the total actuarially determined contribution rate and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY –

GENERAL EMPLOYEES PLAN

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance, Beginning of Year	\$ 443,427,405	\$ 289,742,276	\$ 153,685,129
Changes for the Year:			
Service Cost	5,017,634	0	5,017,634
Interest	33,809,853	0	33,809,853
Differences Between Expected and Actual Experience	(2,204,530)	0	(2,204,530)
Change of Assumptions	23,474,009	0	23,474,009
Contributions - Employer	0	20,562,868	(20,562,868)
Contributions - Nonemployer	0	11,723	(11,723)
Contributions - Employee	0	3,185,801	(3,185,801)
Net Investment Income	0	33,218,838	(33,218,838)
Benefit Payments	(29,804,293)	(29,804,293)	0
Refunds of Contributions	(166,465)	(166,465)	0
Administrative Expense	0	(486,528)	486,528
Net Changes	<u>30,126,208</u>	<u>26,521,944</u>	<u>3,604,264</u>
Balance, End of Year	\$ <u>473,553,613</u>	\$ <u>316,264,220</u>	\$ <u>157,289,393</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE
 – The following presents the net pension liability of the City, calculated using the discount rate of 7.7%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.7%) or 1-percentage-point higher (8.7%) than the current rate:

	1% Decrease <u>(6.70%)</u>	Current Rate <u>(7.70%)</u>	1% Increase <u>(8.70%)</u>
Net Pension Liability	\$ 209,376,639	\$ 157,289,393	\$ 113,479,709

PENSION PLAN FIDUCIARY POSITION – Detailed information about the pension plan’s fiduciary net position is available in a separately issued Employees Retirement Fund financial report.

PENSION EXPENSES AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – For the fiscal year ended September 30, 2018, the City recognized pension expense of \$22,589,329:

Service Cost	\$ 5,017,634
Interest	33,809,853
Contributions - Nonemployer	(11,723)
Contributions - Employee	(3,185,801)
Projected Earnings on Plan Investments	(22,338,719)
Administrative Expense	486,528
Outflow (Inflow) of Resources Due to Assets	(1,602,155)
Outflow (Inflow) of Resources Due to Liabilities	<u>10,413,712</u>
Total Pension Expense	<u>\$ 22,589,329</u>

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GENERAL EMPLOYEES PLAN

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience of the total pension liability	\$ 705,050	\$ 1,493,391
Change of Assumptions	17,825,917	0
Net difference between projected and actual earnings on pension plan investments	7,060,673	14,709,850
City pension plan contributions subsequent to the measurement date	<u>22,101,019</u>	<u>0</u>
	<u>\$ 47,692,659</u>	<u>\$ 16,203,241</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$18,312,315 will be recognized as a reduction of net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Deferred Outflows/(Inflows), Net</u>
2019	\$ 7,690,293
2020	6,888,684
2021	(3,014,555)
2022	(2,176,023)
Total	<u>9,388,399</u>

FIRE PENSION SYSTEM

PENSION BENEFITS – The pension plan provides retirement, death and disability benefits for its participants. A participant hired prior to October 1, 2011 with less than 10 years of credited service as of September 30, 2011 and a member hired on or after October 1, 2011 may retire on the day he or she attains age 55 and completes 10 years of creditable service or on the day he or she attains age 55 and completes 25 years of creditable service. A participant has vested benefits after 10 years of creditable service.

The monthly retirement benefit shall equal 3% of average monthly earnings times years of service earned on or after September 30, 2011.

For members who retire after October 1, 2011, average final compensation means the arithmetic average of earnings for the 60 highest consecutive months of the last 120 months of credited service prior to retirement, termination or death.

As of October 1, 2011 earnings shall mean fixed monthly remuneration for services rendered to the City as a Firefighter, including only wages and education incentive payments from the insurance commissioner’s trust fund and excluding overtime, workers compensation/supplemental compensation, expense allowances, cash conversion of holiday benefits, accrued leave payouts and cash conversion of blood time and compensatory time.

DISABILITY RETIREMENT - Any participant who becomes totally and permanently disabled as certified by medical examination may retire on a non-service incurred disability retirement benefit after five years of credited service. Such a member may retire on a service incurred disability retirement benefit if disabled as a result of the performance of duty, without regard to the credited service at the time of disability.

The monthly non-service incurred disability retirement benefit is equal to 25% of salary at the time of determination of disability. The monthly service incurred disability retirement benefit is equal to 75% of salary at the time of determination of disability. The benefit is reduced by any workmen’s compensation, pension or benefits under similar law payable to the firefighter or his dependents.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

DEATH BENEFITS – If a participant dies in the performance of service, a monthly death benefit of 50% of the deceased firefighter's monthly salary at the time of death is payable to the participant's beneficiary until the earlier of death or remarriage of the beneficiary. For members having completed at least five years of service who die while not on active duty, the plan provides a monthly benefit of 25% of the deceased participant's salary at the time of death. In no event shall these benefits be less than the participant's Vested Accrued Benefit payable at Normal Retirement Date.

Upon the death of a participant receiving retirement payouts, a benefit equal to 50% of the retirement benefit of the deceased participant is payable to their surviving spouse so long as they remain unmarried, provided such spouse had been married to the deceased participant not less than two years immediately preceding their death.

DEFERRED RETIREMENT OPTION PLAN (DROP) – A participant who does not enter DROP prior to October 1, 2011 shall not be eligible to enter the DROP, unless the member was eligible to retire as of September 30, 2011. Once a participant enters the DROP, their monthly retirement benefit is frozen, based on their average final monthly compensation and credited service at that time, and their monthly benefit is paid into their DROP account.

On an annual basis, participants will have the option of directing some or all of their deferred benefits into an interest bearing account with an eight percent (8%) fixed rate of return for employees in the DROP prior to July 16, 2009. For members hired prior to July 16, 2009, DROP balance interest rate decreases from 8% to 6%. For members hired on or after July 16, 2009, the interest rate credited to the DROP balance is 4%. Any deferred benefits not directed into the fixed rate account shall remain in a variable-rate account and shall earn interest at a rate set annually by the Board of Trustees. Such interest shall be weighted and credited on a pro-rata basis by the Board of Trustees to each individual account balance in the account on an annual basis. Upon termination of employment, not more than eight years after entry into the DROP, the balance in the members' DROP account, including interest, will be made available to them and they also begin to receive their (frozen) monthly retirement benefit.

Participants who have completed at least twelve months of participation in the DROP may borrow from their DROP accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their DROP account balance. The loans are secured by the balance in the participants' DROP account and bear interest at the rate set by the Board. If the loan is used to acquire a participant's principal residence, the loan must be repaid within fifteen years. The participant may elect to repay the loan from payments being made into their DROP account.

SUPPLEMENTAL PENSION CHECK (13th CHECK) – If the actual asset return of the trust exceeds the assumed actuarial return for any fiscal year, the excess return (up to 2%) will be allocated equally to eligible participants. For members who retire or who were eligible to retire on or after July 16, 2009 and before October 1, 2011, the Supplemental pension check cannot exceed \$12,000 per year and shall only be paid if there are no aggregate actuarial experience losses beginning with the actuarial experience on or after October 1, 2008.

Members not eligible to retire as of September 30, 2011 are not eligible for Supplemental Pension distributions.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

PLANNED RETIREMENT (LUMP SUM) BENEFIT – In order to participate in the Planned Retirement Benefit a member must submit in writing declaring their intent to participate in the Planned Retirement Benefit at any time on or after reaching the member's normal retirement date.

Members who elect to participate in the Planned Retirement Benefit shall not exceed 33 years of service, including service while participating in the Planned Retirement Benefit.

A member who elects to participate in the Planned Retirement Benefit will receive the normal retirement benefit they would have been eligible to receive during the Planned Retirement Period had the member actually retired at a point during the look-back period that begins on the entry date into the Planned Retirement Benefit and ends on the date of termination. The maximum look-back period is 8 years from the date of termination. If the member chooses a normal retirement benefit based on age and service during the look-back period, they will receive a lump sum with interest based on the normal retirement benefit payable during the look-back period.

The crediting rate applicable to any lump sum payment shall be calculated in arrears equal to 100% of the first 4% of plan earnings plus 100% of plan earnings in excess of 6%. If the Plan is 80% to 90% funded, the crediting rate will be based on the 100% of the 4% of plan earnings plus 100% of plan earnings in excess of 5%. If the Plan is at least 90% funded, the crediting rate will be based on 100% of actual plan earnings. The member will share in asset losses in those years where the plan returns are negative.

SHARE PLAN – Effective July 16, 2009, the City of Hollywood Firefighters' Pension System created The City of Hollywood Chapter 175 Share Plan ("Share Plan") in accordance with Chapter 175 Florida Statutes. The Share Plan is managed and administered by the Board of Trustees of the City of Hollywood Firefighters' Pension System. The Share Plan is funded exclusively through excess, undedicated Chapter 175 insurance premium rebate taxes. The membership of the Share Plan consists of all firefighters in active service as of July 16, 2009, excluding retired members and persons who have entered the DROP prior to July 16, 2009. The Share Plan assets are invested by the Board in government insured certificates of deposit or bonds or mutual funds or money market funds or commingled funds thereof, as determined by the Board. The Share Plan is at no actuarial or other cost to the City of Hollywood. All administrative expenses of the Share Plan are deducted from each year's available premium tax money before it is credited to the share accounts to pay for plan administration by the Board. At September 30, 2018 and 2017, the Share Plan balance remained unfunded.

REFUND OF PARTICIPANT CONTRIBUTIONS – A participant who terminates employment and is ineligible for pension benefits is refunded his or her contribution without interest.

COST OF LIVING ADJUSTMENT – There shall be no annual increase (COLA) in retirement benefits under the benefit structure effective October 1, 2011. For descriptions of COLA benefits for prior retirees (before October 1, 2011), it will be necessary to refer to the prior Plan documents.

CONTRIBUTIONS – Members hired prior to July 16, 2009 make contributions to the Fund of 8% of compensation until member has accrued the maximum benefit of 86% of average final compensation, thereafter percentage reduces to 0.5% of compensation.

Members hired on or after July 16, 2009 but before October 1, 2011 make contributions to the Fund of 7.5% of compensation until member has accrued the maximum benefit of 82.5% of average final compensation, thereafter percentage reduces to 0.5% of compensation.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Members hired on or after October 1, 2011 make contributions to the Fund of 7.5% of compensation.

The City of Hollywood pays into the Fund such amount as is determined actuarially to provide for benefits under the Fund not met by member contributions.

NET PENSION LIABILITY – The City’s net pension liability as measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016.

ACTUARIAL ASSUMPTIONS - The total pension liability was determined by an actuarial valuation as of October 1, 2016 using the following actuarial assumptions applied to all prior periods included in the measurement:

Rate of Return on Investments	7.5% per annum
Annual Salary Increases	Service Based (Estimated 3% Growth)
Inflation Rate	2.5%
Cost-of-Living Adjustments	None

Mortality rates were based on the RP-2000 Combined Healthy-Sex Distinct. The RP-2000 table reflects a 10% margin for future mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class included are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Domestic Equity	42.50 %	5.61%
International Equity	15.00	8.50%
Core Fixed Income	15.00	2.50%
Non Core Fixed Income	10.00	2.50%
Real Estate	10.00	4.50%
Timber	2.50	2.50%
Alternative	5.00	5.00%
	<u>100.00 %</u>	

DISCOUNT RATE – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes plan members will contribute at the current contribution rate and the City will continue to make future contributions at rates equal to the difference between the total actuarially determined contribution rate and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

CHANGES IN NET PENSION LIABILITY –

FIRE PENSION SYSTEM

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, Beginning of Year	\$ 357,781,126	\$ 211,688,995	\$ 146,092,131
Changes for the Year:			
Service Cost	4,750,396	0	4,750,396
Interest	26,389,549	0	26,389,549
Differences Between Expected and Actual Experience	5,102,275	0	5,102,275
Change of Assumptions	0	0	0
Change of Benefit Terms	0	0	0
Contributions - Employer	0	14,349,564	(14,349,564)
Contributions - Employee	0	1,360,393	(1,360,393)
Contributions - Buyback	0	0	0
Net Investment Income	0	26,873,377	(26,873,377)
Benefit Payments	(21,319,658)	(21,319,658)	0
Administrative Expense	0	(559,938)	559,938
Other Charges	0	0	0
Net Changes	<u>14,922,562</u>	<u>20,703,738</u>	<u>(5,781,176)</u>
Balance, End of Year	<u>\$ 372,703,688</u>	<u>\$ 232,392,733</u>	<u>\$ 140,310,955</u>

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE – The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

FIRE PENSION SYSTEM

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 173,112,944	\$ 140,310,955	\$ 113,068,062

PENSION PLAN FIDUCIARY POSITION – Detailed information about the pension plan’s fiduciary net position is available in a separately issued Fire Pension Fund financial report.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

PENSION EXPENSES AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – For the fiscal year ended September 30, 2018, the City recognized pension expense of \$16,137,218:

Service Cost	\$ 4,750,396
Interest	26,389,549
Change in Benefit Terms	0
Contributions - Employee	(1,360,393)
Projected Earnings on Plan Investments	(15,645,313)
Administrative Expense	559,938
Outflow (Inflow) of Resources Due to Assets	(1,675,725)
Outflow (Inflow) of Resources Due to Liabilities	3,687,845
Total Pension Expense	\$ <u>16,706,297</u> *

* The City reported \$16,137,218 in pension expense. For explanation of variance between City and Fire Pension expense see Note IV.H.4.

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FIRE PENSION SYSTEM

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience of the total pension liability	\$ 8,857,480	\$ 0
Change of Assumptions	9,755,747	0
Net difference between projected and actual earnings on pension plan investments	4,515,350	11,710,574
City pension plan contributions subsequent to the measurement date	15,771,552	0
	\$ <u>38,900,129</u>	\$ <u>11,710,574</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$15,771,552 will be recognized as a reduction of net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Deferred Outflows/(Inflows), Net</u>
2019	\$ 2,012,116
2020	3,179,735
2021	922,060
2022	1,442,227
2023	3,132,969
Thereafter	<u>728,896</u>
Total	<u>11,418,003</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

POLICE OFFICERS' RETIREMENT SYSTEM

NORMAL RETIREMENT – Members with 10 or more years of creditable service as of September 30, 2011 who have attained age 50 or have completed 22 years of creditable service may retire and are eligible for normal retirement benefits. A member has vested benefits after 10 years of continuous service.

For members hired prior to October 1, 2011 with less than 10 years of creditable service as of September 30, 2011 and members hired after September 30, 2011, normal retirement shall be the attainment of age 55 with 10 or more years of creditable service or age 52 with 25 years of creditable service.

For members who are eligible for normal retirement as of September 30, 2011 the monthly benefit amount is equal to 3% of the member's average monthly earnings multiplied by years and completed months of continuous service up to 20 years plus 4% of the members average monthly earnings multiplied by years and completed months of continuous service after 20 years with a maximum of 80% of average monthly earnings. Upon completion of 22 years of continuous service, a member will receive a monthly benefit of 80% of average monthly earnings. The normal form of benefit payment is life annuity with ten-years certain.

For members who are vested but not eligible for normal retirement as of September 30, 2011 the monthly benefit amount is equal to 3.3% of average final compensation, which is the average of the highest three years of monthly earnings as of the retirement date, multiplied by years of service earned up to September 30, 2011 (the frozen accrued benefit as of October 1, 2011 based on the benefit structure in place as of September 30, 2011 prior to July 17, 2013) plus 3% (2% prior to July 17, 2013) of average monthly earnings multiplied by years and completed months of service earned after September 30, 2011. If a member retires before age 62 an additional benefit of 0.5% of average monthly earnings will be paid on or after October 1, 2011 up to age 62.

For members who are not vested and are not eligible for normal retirement as of September 30, 2011 the monthly benefit amount is equal to 3% of average final compensation multiplied by years of service earned up to September 30, 2011 (the frozen accrued benefit as of October 1, 2011 based on the benefit structure in place as of September 30, 2011 prior to July 17, 2013) plus 3% (2% prior to July 17, 2013) of average monthly earnings multiplied by years and completed months of service earned after September 30, 2011. If a member retires before age 62 an additional benefit of 0.5% of average monthly earnings will be paid on or after October 1, 2011 up to age 62.

The average monthly earnings prior to October 1, 2011 are computed based on the earnings of the three highest paid years of employment prior to retirement or termination. Earnings include basic annual wages including regular longevity raises and overtime up to 400 hours per year, but not including amounts for unused sick time or unused vacation time paid at retirement or termination. Effective October 1, 2011 the average monthly earnings are computed based on the earnings of the three highest paid years of employment prior to retirement or termination. Earnings shall include basic annual wages, longevity pay, and assignment pay, but not including overtime pay, payments for accrued holiday time, payments for accrued blood time, annual cash-out payments for accrued vacation time, payments for accrued compensatory time, and payments for unused sick time or for unused vacation time which is paid upon retirement or termination.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

DISABILITY – Any member who becomes totally and permanently disabled in the line of duty and who must have applied for social security disability benefits as well as workers' compensation benefits if applicable, will receive a benefit equal to the greater of his or her accrued benefit on date of disability based on the applicable benefit rate or 50% of earnings at the time of determination of disability.

Members with at least five years of continuous service who sustain a non-service connected disability and who must have applied for Social Security disability benefits as well as workers' compensation benefits if applicable may receive a benefit equal to 2.5% of their average monthly earnings multiplied by years of service.

No member with at least five years of continuous service shall receive less than 25% of his average monthly earnings in effect at the time of determination of disability. Upon attainment of age 50, the benefit will be recomputed as a normal retirement benefit with consideration for service granted for the period of time that the member was receiving a disability retirement payment.

DEATH BENEFITS – A service-incurred death benefit will be paid to the surviving spouse at the rate of 50% of the member's monthly earnings at the time of death. A non-service-incurred death benefit will be paid to the surviving spouse at the rate of 25% of the member's monthly earnings at the time of death. Death benefits are payable to the surviving spouse until death or remarriage. Upon the death or remarriage of the spouse, the death benefits are payable to the member's dependent children until the youngest child reaches the age of 18.

COST-OF-LIVING ADJUSTMENT – A retiree whose benefit commences on or after April 1, 1987 and any beneficiary of such retiree will receive a 2% annual increase in benefit payments commencing three years after the retiree's benefit payments have begun. For participants who enter the DROP on or after October 1, 2006, cost-of-living adjustments do not occur while the member participates in the DROP. Adjustments commence the later of the date the participant leaves the DROP and three years after entry into the DROP. There shall be no annual cost-of-living adjustment effective October 1, 2011.

SUPPLEMENTAL DISTRIBUTION – If the actual investment return of the Fund exceeds the assumed actuarial return for the fiscal year, then a supplemental pension distribution (up to 2%) shall be made to the eligible recipients in the form of an optional 13th check. Effective October 1, 2011 there will be no supplemental check payable to retirees and surviving spouses and other beneficiaries who reached normal retirement or entered the DROP after September 30, 2011.

DEFERRED RETIREMENT OPTION PLAN – Prior to October 1, 2011, a Fund member may enter into the police officers' Deferred Retirement Option Plan (DROP) upon the attainment of normal retirement age. The DROP is administered by the Police Officers' Retirement System Board of Trustees. Once a Fund member enters the DROP, their monthly retirement benefit is frozen, and their monthly benefit is paid into their DROP account.

A member hired on or before September 30, 2009 who elects to enter the DROP plan has the option to receive a rate of return on his or her DROP account that is equal to the assumed rate of investment return on Fund assets. For members hired on or after October 1, 2009, his or her DROP account shall earn interest at the rate of 6% per year. In the event the Fund earnings exceed 6% per year, the earnings in excess of 6% up to and including 12% per year shall offset the City's cost of maintaining the DROP program. Earnings in excess of 12% per year shall be equally divided between the DROP participants and the City.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Upon termination of employment, but not more than eight years after entry into the DROP, or that period of participation in the DROP that would result in a total of 30 years of employment with the City, the balance in the member's DROP account, including interest, is payable to them and they also begin to receive their (frozen) monthly retirement benefit.

The DROP may now receive eligible rollover contributions from eligible governmental 457(b) plans. These rollover contributions remain in a variable-rate account as described above and do not qualify for the fixed rate option.

A Fund member who does not enter the DROP prior to October 1, 2011, shall not be able to participate in the DROP, unless the member was eligible to retire as of September 30, 2011.

PLANNED RETIREMENT BENEFIT – The Planned Retirement Benefit (“PRB”) is an optional form of benefit payment that members may elect when they reach their normal retirement age. In general, the PRB option replaces the DROP program in place prior to October 1, 2011.

In order to participate in the PRB, a member must submit a written election of their intent to participate in the PRB at any time on or after reaching the member’s normal retirement date, but no later than 60 days after reaching the member’s retirement date.

Members who elect to participate in the PRB shall not exceed 30 years of service, including service while participating in the PRB.

A member who elects to participate in the PRB will receive the normal retirement benefit they would have been eligible to receive during the Planned Retirement Period had the member actually retired at a point during the look-back period that begins on the entry date into the PRB and ends on the date of termination. If the member chooses a normal retirement benefit based on age and service during the look back period, they will receive a lump sum with interest based on the normal retirement benefit payable during the look-back period.

The maximum look-back period is 8 years from the date of termination for members vested as of September 30, 2011. For non-vested members as of September 30, 2011, the maximum look-back period is 5 years. Non-vested members as of September 30, 2011 who reach his/her normal retirement date upon completion of 25 years of service, but not more than 30 years of service may, upon termination of employment elect to receive benefits under the PRB for a period of not more than 5 years. A limited exception to the 30 years of service maximum is available to non-vested members who do not reach their normal retirement date until after 30 years of service. A member under this scenario may participate in the PRB for a period of not more than 5 years.

SHARE PLAN – Effective June 30, 2002, the Hollywood Police Officers’ Share Plan (Share Plan), a defined contribution plan, was created to implement the provisions of Chapter 185, Florida Statutes, and to provide means whereby police officers of the City of Hollywood, Florida may receive benefits from the funds provided for that purpose by Chapter 185, Florida Statutes. The Share Plan is in addition to any other benefits, and shall not in any way affect any other benefits that now or hereafter exist. The Board of Trustees shall provide for all assets of the Share Plan to be held in trust solely for the use of paying the benefits provided and the expenses of the Share Plan.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The City shall pay to the Share Plan each year an amount equal to the amount it receives from the State under the provisions of Chapter 185, Florida Statutes, as amended. As of each valuation date, the amounts received since the preceding valuation date shall be allocated among the member's accounts. The allocation shall be based on the proportion the total number of months of credit accrued by each member in the immediately preceding Share Plan Year bears to the total months of credit of all members in that Share Plan Year with no credit given on account of a member's seniority, rank or compensation. Forfeitures are allocated in the same manner described above.

The Board of Trustees shall ascertain the value of the assets of the Share Plan as of each valuation date and shall allocate to the account of each member their share of the increase or decrease in the fair market value of the Share Plan's assets net of administrative expenses. The member's share of the increase or decrease of the Share Plan assets shall bear the same ratio to the total amount of the increase or decrease in the Share Plan as the value of the portion of the member's account invested in the Share Plan bears to the total value of the Share Plan.

A member shall receive a benefit from the Share Plan upon his termination of employment, disability, retirement or death in accordance with the Share Plan agreement. However, no member shall receive a benefit from the Share Plan in excess of the amount credited to their Account.

Commencing June 7, 2006, the State funds received by the City pursuant to Florida Statutes Chapter 185 subsequent to the funds normally received during fiscal year ended September 30, 2006, shall not be divided into individual "share" accounts but shall be used exclusively to fund plan benefits, including "minimum benefits" and "extra benefits" as provided in Chapter 185.

CONTRIBUTIONS – Each police officer makes contributions to the Fund during the first 27 years of continuous service at the rate of 8% (9.25% prior to May 1, 2013) of their earnings. After completion of 27 years of continuous service, members shall contribute only 0.5% of their earnings. If a police officer's service is terminated for reasons other than death or retirement, their accumulated contributions are returned to them with 3% interest, compounded annually.

The City of Hollywood pays into the Fund such amount as is determined actuarially to provide for benefits under the Fund not met by member contributions.

NET PENSION LIABILITY – The City's net pension liability as measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016.

ACTUARIAL ASSUMPTIONS - The total pension liability was determined by an actuarial valuation as of October 1, 2016 and rolled forward to the measurement date of September 30, 2017 using the following actuarial assumptions applied to all prior periods included in the measurement:

Rate of Return on Investments	8% per annum
Annual Salary Increases	5.03% to 10.67% average, including inflation
Inflation Rate	3.5%
Cost-of-Living Adjustments	None (Prior to October 1, 2011, 2% annual increase commencing 3 years after retiree's benefit payments have begun)

Mortality rates for the period after service retirement are as follows:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class included are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Domestic Equity	55.00 %	7.50 %
Domestic Bond*	35.00	2.50
Real Estate	10.00	4.50
	<u>100.00 %</u>	

*Domestic Bonds Target Allocation includes 4% cash target allocation

DISCOUNT RATE – The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumes plan members will contribute at the current contribution rate and the City will continue to make future contributions at rates equal to the difference between the total actuarially determined contribution rate and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY –

POLICE OFFICERS' RETIREMENT SYSTEM

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance, Beginning of Year	\$ 439,195,437	\$ 259,162,808	\$ 180,032,629
Changes for the Year:			
Service Cost	4,926,424	0	4,926,424
Interest	27,871,029	0	27,871,029
Differences between expected and actual experience	8,126,704	0	8,126,704
Change of Assumptions	16,168,696	0	16,168,696
Contributions - Employer	0	17,005,579	(17,005,579)
Contributions - Employee	0	1,625,263	(1,625,263)
Net Investment Income	0	30,856,527	(30,856,527)
Benefit Payments	(27,582,433)	(27,582,433)	0
Refunds of Contributions	(20,298)	(20,298)	0
Administrative Expense	0	(726,806)	726,806
Other Charges	0	164,029	(164,029)
Net Changes	<u>29,490,122</u>	<u>21,321,861</u>	<u>8,168,261</u>
Balance, End of Year	\$ <u>468,685,559</u>	\$ <u>280,484,669</u>	\$ <u>188,200,890</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE – The following presents the net pension liability of the City, calculated using the discount rate of 8%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

POLICE OFFICERS' RETIREMENT SYSTEM

	1% Decrease <u>(7.00%)</u>	Current Rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Net Pension Liability	\$ 206,325,784	\$ 188,200,890	\$ 171,606,220

PENSION PLAN FIDUCIARY NET POSITION – Detailed information about the pension plan’s fiduciary net position is available in a separately issued Police Retirement Fund financial report.

PENSION EXPENSES AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – For the fiscal year ended September 30, 2018, the City recognized pension expense of \$20,986,507:

Service Cost	\$ 4,926,424
Interest	27,871,029
Differences Between Expected and Actual Experience	1,296,125
Change of Assumptions	2,578,739
Contributions - Employee	(1,625,263)
Projected Earnings on Plan Investments	(20,351,638)
Administrative Expense	726,806
Other	(164,029)
Outflow (Inflow) of Resources Due to Assets	9,834,487
Outflow (Inflow) of Resources Due to Liabilities	<u>(2,100,978)</u>
Total Pension Expense	\$ <u><u>22,991,702</u></u> *

* City reported \$20,986,507 in pension expense, for explanation of variance between City and Police Pension expense see Note IV.H.4.

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

POLICE OFFICERS' RETIREMENT SYSTEM

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Differences between expected and actual experience of the total pension liability	\$ 15,173,416	\$ 0
Change of Assumptions	29,809,087	0
Net difference between projected and actual earnings on pension plan investments	0	4,338,511
City pension plan contributions subsequent to the measurement date	17,346,529	0
	\$ <u><u>62,329,032</u></u>	\$ <u><u>4,338,511</u></u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$15,000,384 will be recognized as a reduction of net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows), Net
	2019
2020	12,045,431
2021	7,612,696
2022	4,463,526
2023	4,921,080
Total	<u>40,643,992</u>

FRS RETIREMENT BENEFITS

The City provides retirement benefits to its Mayor, 6 City Commissioners and 4 retired elected officers through the Florida Retirement System (FRS and HIS).

FLORIDA RETIREMENT SYSTEM – The City participates in the Florida Retirement System (FRS). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services’ Web site (www.dms.myflorida.com).

The City’s pension expense for FRS and HIS totaled \$205,796 for the fiscal year ended September 30, 2018.

BENEFITS AND CONTRIBUTIONS:

PLAN DESCRIPTION – The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to 4 years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

BENEFITS PROVIDED – Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors’ benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
Regular Class Members Initially Enrolled Before July 1, 2011:	
Retirement up to age 62 or up to 30 years of service	1.60 %
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
Regular Class Members Initially Enrolled on or After July 1, 2011:	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular:	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

CONTRIBUTIONS – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (1)
FRS, Regular	3.00 %	7.92 %
FRS, Elected Local Officers	3.00	50.86
FRS, Senior Management Service	3.00	22.71
FRS, Special Risk Regular	3.00	23.27
FRS, Special Risk Administrative	3.00	34.63
DROP - Applicable to Members for All of the Above Classes	0.00	13.26
FRS, Reemployed Retiree	(2)	(2)

- (1) Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06% for administrative costs of the Investment Plan.
- (2) Contribution rates are dependent upon retirement class in which reemployed.

The City’s contributions, for FRS and HIS totaled \$83,362 and employee contributions totaled \$6,329 for the fiscal year ended September 30, 2018.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – At September 30, 2018, the City reported a liability of \$844,263 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The City’s proportionate share of the net pension liability was based on the City’s FY 2018 fiscal year contributions relative to the FY 2018 fiscal year contributions of all participating members. At June 30, 2018, the City’s proportionate share was 0.002802949%.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$200,656 related to the Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 71,522	\$ 2,596
Changes of Assumptions	275,864	0
Net difference between projected and actual earnings on FRS pension plan investments	0	65,230
Changes in proportion and differences between City FRS contributions and proportionate share of contributions	101,670	10,492
City FRS contributions subsequent to the measurement date	23,489	0
	<u>\$ 472,545</u>	<u>\$ 78,318</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The deferred outflows of resources related to pensions, totaling \$23,489, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Deferred Outflows/(Inflows), Net</u>
2019	\$ 143,640
2020	98,028
2021	13,668
2022	65,274
2023	43,646
Thereafter	6,483
Total	<u>370,739</u>

ACTUARIAL ASSUMPTIONS – The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Return on Investments	7.00% net of pension investment expense, including inflation
Annual Salary Increases	3.25% average, including inflation
Inflation Rate	2.60%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00 %	2.90%	2.90%	1.80%
Fixed Income	18.00	4.40%	4.30%	4.00%
Global Equity	54.00	7.60%	6.30%	17.00%
Real Estate/Property	11.00	6.60%	6.00%	11.30%
Private Equity	10.00	10.70%	7.60%	26.50%
Strategic Investments	6.00	6.00%	5.70%	8.60%
	<u>100.00 %</u>			
Assumed Inflation - Mean			2.60%	1.90%

(1) As outlined in the Plan's investment policy.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

DISCOUNT RATE – The discount rate used to measure the total pension liability was 7.00%. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

SENSITIVITY OF THE CITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
City’s Proportionate Share of the Net Pension Liability	\$ 1,540,815	\$ 844,263	\$ 237,706

PENSION PLAN FIDUCIARY NET POSITION – Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

THE RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS):

PLAN DESCRIPTION – The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services, Division of Retirement.

BENEFITS PROVIDED – For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State- administered retirement system must provide proof of health insurance coverage, which may include Medicare.

CONTRIBUTIONS – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. The HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – At September 30, 2018, the City reported a net pension liability of \$67,911 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City’s proportionate share of the net pension liability was based on the City’s FY 2017 fiscal year contributions relative to the total FY 2018 fiscal year contributions of all participating members. At June 30, 2018, the City’s proportionate share was 0.000641633%.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$5,150 related to the HIS Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience of the total pension liability	\$ 1,040	\$ 115
Changes of Assumptions	7,553	7,180
Net difference between projected and actual earnings on HIS pension plan investments	41	0
Changes in proportion and differences between City HIS contributions and proportionate share of HIS contributions	3,202	1,470
City contributions subsequent to the measurement date	944	0
	<u>\$ 12,780</u>	<u>\$ 8,765</u>

The deferred outflows of resources related to pensions, totaling \$944, resulting from City contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows), Net
2019	\$ 2,145
2020	2,137
2021	1,497
2022	336
2023	(2,087)
Thereafter	(957)
Total	<u>3,071</u>

ACTUARIAL ASSUMPTIONS – The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Municipal Bond Rate	3.87%
Annual Salary Increases	3.25% average, including inflation
Inflation Rate	2.60%

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

DISCOUNT RATE – The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

SENSITIVITY OF THE CITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate (in thousands):

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
City's Proportionate Share of the Net Pension Liability	\$ 77,347	\$ 67,911	\$ 60,046

PENSION PLAN FIDUCIARY NET POSITION – Detailed information about the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

4. **SUPPLEMENTAL PENSION DISTRIBUTION DISPUTE** – All three pension plans of the City of Hollywood, General Employees Retirement Fund (General Pension), Firefighters Retirement System (Fire Pension) and Police Officers Retirement System (Police Pension) have provisions in their plans for a supplemental distribution to retirees if earning conditions for the plans are met or exceeded (Supplemental Payments). The City of Hollywood (Plaintiff) has filed a lawsuit in the circuit court of the seventeenth judicial circuit in and for Broward County, Florida against the three pension boards (Defendants). The Plaintiff has contested the plans rights to make additional supplemental payments and the plans would be violating the legislative intent of Florida Statutes Section 112.61 because the supplemental payments were being funded by an increase in the annual required contributions (ARC) paid going forward and in effect would transfer a portion of the cost to future taxpayers. On July 3, 2014, the three pension boards received a copy of a letter from the Florida Division of Retirement advising the City that the method of funding the supplemental payments used by the pension plans violated Florida Statutes Section 112.61. Each letter advised the pension boards that issuance of further supplemental payments without a “commitment” from the City stating that the City would “pre-fund” payments would risk adverse action by the State. None of the pension boards have sought or received such a commitment from the City. Subsequent to receiving the letter, both the General Pension and the Fire Pension Plans paid supplemental payments in the 2015 fiscal year. In addition, both Fire and Police pension actuaries have incorporated into their Actuarially Determined Contribution (ADC) calculations a portion for the supplemental payments “pre-funding”. The City has stopped contributing to the supplemental payment “pre-funding” portion of the ADCs. As a result of the City withholding a portion of the Police and Fire pension ADC payment (related to the supplemental payment), the State Division of Retirement has withheld disbursement of monies under Florida Statutes Chapter 175 and 185 to Police and Fire pension plans (estimated total dollars withheld by the state as of September 30, 2018 for Fire and for Police pension plans are \$5.6 million and \$5.9 million respectively).

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

The Fire and Police actuaries have also factored the supplemental payment into their GASB 68 calculations. As a result, pension expenses for both these plans were overstated by \$569,079 and \$2,005,195 respectively for fiscal year 2018. The City has adjusted down the pension expenses related to Fire and Police GASB 68 calculations in the City’s Government-wide Statements (Fire Pension from \$16,706,297 to \$16,137,218 and Police Pension from \$22,991,702 to \$20,986,507). (Note, General Pension actuary has provided its GASB 68 calculation excluding all supplemental payment items, but has advised the City that both the ADC and GASB 68 calculation would be higher by an estimated \$2.1 million).

Mediation continues to be attempted by the City and the pension plan boards but there has been no resolution as of May 2019.

5. SUMMARY OF PENSION EXPENSE, DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES RELATED TO ALL PENSIONS OF THE CITY – For the year ended September 30, 2018, the City recognized pension expense of \$59,937,199 as a result of GASB No. 68. Deferred outflows and inflows of resources related to pensions are as follows:

	General Employees Pension	Police Pension	Fire Pension	FRS/HIS Pension	Total
Total Deferred Outflows	\$ 47,692,659	\$ 62,329,032	\$ 38,900,129	\$ 485,325	\$ 149,407,145
Total Deferred Inflows	16,203,241	4,338,511	11,710,574	87,083	32,339,409
Total Net Pension Liability	157,289,393	188,200,890	140,310,955	912,174	486,713,412
Total Pension Expense	22,589,329	20,986,507	16,137,218	224,145	59,937,199

6. DEFINED CONTRIBUTION PLANS – The City has a contract with the ICMA-RC for a defined contribution plan covering certain employees with an employment agreement with the City. The plan is established under the provisions of Section 401(a) of the Internal Revenue Code as Money Purchase Plans and Trusts. In addition, there is a second 401(a) plan between the Hollywood Community Redevelopment Agency and ICMA-RC covering the executive director and employees of the agency. The assets of the plans are self-directed, and investment results are reported to employees quarterly. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment return. The plans do not require nor permit employee contributions. During fiscal year 2018, the City and CRAs contributed approximately \$448,901 to these defined contribution plans. Of this amount, approximately \$253,594 was contributed on behalf of CRA employees who are not covered under any other City retirement plan. Plan participants become fully vested in the plans upon entry. The plans were established by City Commission resolutions. The City does not have control over the assets of the defined contribution plans and, accordingly, the plans are not reported in the accompanying financial statements.
7. DEFERRED COMPENSATION PLANS – The City offers certain employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, managed by independent plan administrators, permit employees to defer a portion of their salary until future years. At the employee’s election, such amounts may be invested in mutual funds which represent varying levels of risk and return. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust, for the exclusive benefit of the plans’ participants and their beneficiaries. Since the City has no control over these assets, they are not reflected in the City’s statements.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

I. MISCELLANEOUS

1. IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS – The City implemented the following GASB Statements during the fiscal year ended September 30, 2018:

- GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.”

This Statement established new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits (OPEB). It also includes specific recognition and disclosure requirements for various OPEB Plans.

- GASB Statement No. 85, “Omnibus 2018.”

This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits (pensions and other postemployment benefits). The provisions of this Statement is effective for the City beginning with this year ending September 30, 2018. Management has determined that this Statement has no significant effect on the City’s financial statements.

- GASB Statement No. 86, “Certain Debt Extinguishment Issues.”

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The provisions of this Statement is effective for the City beginning with its year ended September 30, 2018. Management has determined that this Statement has no effect on the City’s financial statements.

- GASB Statement No. 81, “Irrevocable Split-Interest Agreements.”

This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions of this Statement is effective for the City beginning with its year ending September 30, 2018. This Statement has no impact on the City’s financial statements.

2. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED – GASB Statement No. 83, “Certain Asset Retirement Obligations.” This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2019. Management does not expect this Statement will have any impact on the City’s financial statements.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

GASB Statement No. 84, “Fiduciary Activities.” This Statement improves guidance relating to the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria is included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2020. Management has not yet determined the effect this Statement will have on the City’s financial statements.

GASB Statement No. 87, “Leases.” This Statement’s objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2021. Management has not yet determined the effect this Statement will have on the City’s financial statements.

GASB Statement No. 88, “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.” This Statement’s primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements and also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will provide users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. Therefore, users will have better information to understand the effects of debt on a government’s future resource flows. The requirements of this Statement are effective for reporting periods beginning with its fiscal year ending September 30, 2019. Management has not yet determined the effect this Statement will have on the city’s financial statements.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

3. **PRIOR PERIOD ADJUSTMENTS – RESTATEMENT OF NET POSITION AND FUND BALANCE.** The implementation of GASB Statement No. 75 required the City to record beginning total OPEB liability and the effects on net position for the cost of postemployment benefits other than pensions. Due to the adoption of this statement, beginning net position of governmental and business-type activities have been restated and reduced by \$310,493,143 and \$66,726,170 respectively. The restatement was comprised of eliminating the previously reported net OPEB obligation (GASB No. 45) in the amount of \$226,056,884 and recording a total OPEB liability of \$603,276,197.

Impact on Statement of Revenues, Expenses and Changes in Net Position

	Water & Sewer Utility	Sanitation Enterprise	Parking Enterprise	Other Enterprise Funds	Internal Service Funds	Non-Major Governmental Funds
Net Position, September 30, 2017	\$ 249,145,151	\$ 5,307,851	\$ 23,314,598	\$ 11,449,464	\$ 3,490,855	\$ 33,165,600
Prior Period Adjustment Due to						
- Adoption of GASB 75	(50,455,136)	(8,210,155)	(5,523,195)	(2,537,684)	(14,629,004)	0
Prior Period Adjustment Due to						
- Correction	0	0	0	0	0	(26,760,559)
Net Position, Restated	<u>\$ 198,690,015</u>	<u>\$ (2,902,304)</u>	<u>\$ 17,791,403</u>	<u>\$ 8,911,780</u>	<u>\$ (11,138,149)</u>	<u>\$ 6,405,041</u>

	Governmental Activities	Business-type Activities
Net Position, September 30, 2017	\$ (351,551,424)	\$ 296,680,213
Prior Period Adjustment Due to		
- Adoption of GASB 75	(310,493,143)	(66,726,170)
Prior Period Adjustment Due to		
- Correction	(26,760,558)	0
Net Position, Restated	<u>\$ (688,805,125)</u>	<u>\$ 229,954,043</u>

The City participates in Federal and State programs which help produce and preserve affordable housing and multifamily housing. As part of the program, the city provides loans (recorded mortgages and promissory notes) to qualifying participants which are due 30 years from signing or at the time of sale or transfer. These promissory notes are collateralized by the property for which the loan has been issued. The City did not defer the recognition of revenue associated with the issuance of promissory notes in its governmental funds (Special Revenue Funds-Special Programs and Local Housing Assistance (S.H.I.P.)). The restatement was comprised of restating the beginning net position and deferred inflows – unavailable revenue in the Special Programs and S.H.I.P funds in the amount of \$17,799,118 and \$8,961,441 respectively.

4. **COMMUNITY REDEVELOPMENT NOTES**

- **Beach Community Redevelopment Agency (BCRA) Tax Increment Refund –** Pursuant to Florida Statute 163.387(7) – At the end of the fiscal year the Beach Community Redevelopment Fund determined that it still had remaining funds related to fiscal year 2018 that are not earmarked for either future indebtedness payment/reduction or appropriated to a specific redevelopment project. As such the BCRA has decided to refund remaining fiscal year 2018 funds to each taxing authority which paid the increment. Total amount of increment to be refunded was \$6,150,968 and it was refunded in the proportion that the amount of the payment of such taxing authority bears to total tax increment. The following table shows the calculations:

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

Taxing Authority	Original Increment Amount Received	Refund Amount	Ending Increment Amount	Date Repaid
City of Hollywood	\$ 18,957,638	\$ 3,392,420	\$ 15,565,218	09/30/2018
Broward County	13,885,953	2,484,855	11,401,098	12/03/2018
South Broward Hospital District	300,000	51,000	249,000	03/12/2019
Children's Services Council	1,244,464	222,693	1,021,771	03/12/2019
Total	\$ 34,388,055	\$ 6,150,968	\$ 28,237,087	

Refunds not repaid on September 30, 2018 were reflected as Due to Other Governments on the Beach Community Redevelopment Fund balance sheet.

- Hollywood Beach Community Redevelopment Agency – Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the Community Redevelopment Agency Funds (CRA) for the fiscal year ended September 30, 2018.

	Beach CRA	
	Deposits	Withdrawals
Sources of Deposits:		
Tax Increment Rev - City of Hollywood	\$ 15,565,219	\$ 0
Tax Increment Rev - Broward County	11,401,098	0
Tax Increment Rev - South Broward Hospital District	249,000	0
Tax Increment Rev - Children's Services Council	1,021,770	0
Intergovernmental - State Grants	125,198	0
Investment Revenue	680,163	0
Other Revenue	111,868	0
Purpose of Withdrawal:		
Debt Service - Principal	0	5,210,000
Debt Service - Interest	0	1,992,884
Salaries, Wages and Benefits	0	2,814,312
Consultants and Other Contractual	0	323,302
Training and Transportation	0	54,107
Utilities	0	123,695
Postage	0	8,820
Rentals and Leases	0	95,302
Insurance	0	30,760
Maintenance and Repairs	0	496,964
Consumables and Supplies	0	93,496
Enhanced Services - Community Policing	0	1,686,459
Reimbursement for Services	0	2,361,887
Promotional, Special Events and Advertising	0	752,227
Economic Environment - Trolley Service	0	75,000
Economic Environment - Incentives/Promotional/Other	0	816,359
Culture and Recreation - Reimbursement for Services	0	163,035
Culture and Recreation - Promotional, Special Events and Advertising	0	392,673
Payment to Parking for Redevelopment Activity	0	16,300
Capital - General Government	0	2,365,872
Capital - Public Safety	0	76,660
Capital - Transportation	0	0
Capital - Physical Environment	0	7,528,900
Total	\$ 29,154,316	\$ 27,479,014

Note: Deposits equal revenues and transfers in. Withdrawals equal expenditures and transfers out.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

	Downtown CRA	
	Deposits	Withdrawals
Sources of Deposits:		
Tax Increment Rev - City of Hollywood	\$ 3,926,193	\$ 0
Tax Increment Rev - Broward County	2,866,151	0
Tax Increment Rev - South Broward		
Hospital District	78,981	0
Tax Increment Rev - Children's Services Council	257,743	0
Investment Revenue	62,307	0
Other Revenue	80,550	0
Purpose of Withdrawal:		
Debt Service - Principal	0	2,172,294
Debt Service - Interest	0	585,508
Salaries, Wages and Benefits	0	525,613
Consultants and Other Contractual	0	590,709
Training and Transportation	0	14,339
Utilities	0	18,071
Postage	0	58
Rentals and Leases	0	13,595
Insurance	0	3,162
Maintenance and Repairs	0	322,630
Consumables and Supplies	0	12,097
Enhanced Services - Community Policing	0	290,988
Promotional, Special Events and Advertising	0	408,154
Reimbursement for Services	0	893,370
Economic Environment - Trolley Service	0	133,475
Economic Environment - Incentives/Promotional/Other	0	19,256
Physical Environment - Incentive Program	0	20,000
Capital - General Government	0	420,888
Capital - Transportation	0	304,627
Capital - Physical Environment	0	78,390
Total	\$ 7,271,925	\$ 6,827,224

5. **SUBSEQUENT EVENTS – Police Officers Retirement System.** On February 20, 2019 the City amended Chapter 33 of the code of Ordinances titled “Police Officer’s Retirement System, incorporating various changes to the retirement system contained in the Collective Bargaining Agreement between the Broward County PBA and the City of Hollywood. The changes made were related to membership, eligibility, normal retirement benefit, the resolution of issues related to the City’s reduction of pension benefits in 2011, lifting the freeze of established benefits, amending the average final compensation and normal retirement for the three newly created groups of employees. Also, it redefined earnings for the three employee groups, and changed the contribution rate.

Issuance of General Obligation Bonds. On March 12, 2019, the City of Hollywood held a Special Election where a majority of voters decided to fund a variety of city-wide public improvement projects to be funded by a General Obligation Bond (GO Bond) of \$165 million.

The GO Hollywood Bonds will cover city-wide improvements in three broad categories:

- Public Safety Facilities, Technology and Equipment - \$78 million
- Parks, Open Space, Recreational and Cultural Facilities - \$64 million
- Neighborhood Improvements, Infrastructure and Resiliency - \$23 million

With input from the community and assessment of city-wide needs, a list of projects to be funded through GO Bonds has been compiled.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

A listing of the GO Bond Projects Proposed

- New Hollywood Police Department Headquarters
- Hollywood Fire Rescue Trucks and Equipment
- Traffic Calming and Control Measures
- City-wide Park Improvements
- Preservation of Open Space through the acquisition of the former Sunset Golf Course and revitalization of Orangebrook and Hollywood Beach Golf Courses
- Art and Culture Center/Hollywood Multidisciplinary Arts Education Center
- ArtsPark at Young Circle Improvements
- Renovation of former Armory Building into Indoor Sports Facility
- Recreational Facilities and Sports Fields
- Creation of Natural Trails
- Neighborhood Sound Walls and Landscaping
- Gateway and Neighborhood Monument Signs
- Sea Walls and Tidal Flooding Mitigation
- Hardening of Utilities in North Beach

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
 (Unaudited - See accompanying independent auditors' report)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property Taxes	\$ 89,364,248	\$ 89,364,248	\$ 89,224,612	\$ (139,636)
Utilities Service Taxes	20,129,955	20,129,955	21,004,379	874,424
Franchise Taxes	11,615,000	11,615,000	12,877,467	1,262,467
Licenses and Permits	7,792,701	7,792,701	10,305,229	2,512,528
Intergovernmental	15,921,215	15,921,215	18,605,067	2,683,852
Charges for Services	45,308,154	45,722,014	49,198,890	3,476,876
Investment Revenue	130,000	130,000	823,914	693,914
Miscellaneous	2,069,650	2,069,650	2,963,758	894,108
Total Revenues	<u>192,330,923</u>	<u>192,744,783</u>	<u>205,003,316</u>	<u>12,258,533</u>
EXPENDITURES:				
Current:				
General Government:				
City Commission	1,443,920	1,443,920	1,427,518	16,402
City Manager	2,520,733	2,709,733	2,236,154	473,579
City Clerk	765,836	775,836	696,941	78,895
City Attorney	3,049,983	3,254,983	3,200,990	53,993
Financial Services	6,931,058	6,987,678	6,358,287	629,391
Human Resources	2,948,558	4,125,938	2,873,776	1,252,162
Planning & Development Services	1,040,665	1,010,665	903,217	107,448
Code Enforcement	3,439,389	3,459,389	3,425,957	33,432
Total General Government	<u>22,140,142</u>	<u>23,768,142</u>	<u>21,122,840</u>	<u>2,645,302</u>
Public Safety:				
Police	80,208,039	80,201,739	77,241,007	2,960,732
Fire	57,849,553	57,876,978	56,988,320	888,658
Building Inspection	4,816,112	6,398,585	6,112,216	286,369
Total Public Safety	<u>142,873,704</u>	<u>144,477,302</u>	<u>140,341,543</u>	<u>4,135,759</u>
Public Works:				
Facilities and Grounds				
Maintenance	<u>12,421,035</u>	<u>12,541,071</u>	<u>12,228,745</u>	<u>312,326</u>
Transportation:				
Engineering	<u>2,335,296</u>	<u>2,410,039</u>	<u>2,296,307</u>	<u>113,732</u>
Economic Environment:				
Community Development	<u>1,630,346</u>	<u>1,718,746</u>	<u>1,359,468</u>	<u>359,278</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
 (Unaudited - See accompanying independent auditors' report)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and Recreation:				
Recreation and Parks	\$ 9,842,916	\$ 10,416,021	\$ 9,585,261	\$ 830,760
Marina	498,541	551,523	514,391	37,132
Total Culture and Recreation	<u>10,341,457</u>	<u>10,967,544</u>	<u>10,099,652</u>	<u>867,892</u>
Other:				
Contingencies	<u>37,714,808</u>	<u>37,252,751</u>	<u>2,211,265</u>	<u>35,041,486</u>
Total Expenditures	<u>229,456,788</u>	<u>233,135,595</u>	<u>189,659,820</u>	<u>43,475,775</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(37,125,865)</u>	<u>(40,390,812)</u>	<u>15,343,496</u>	<u>55,734,308</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Special Programs Fund	10,000	10,000	10,000	0
Gas Tax Capital Projects Fund	545,897	545,897	545,897	0
Water and Sewer Utility	4,269,195	4,269,195	4,269,195	0
Sanitation Enterprise Fund	771,294	771,294	771,294	0
Parking Enterprise Fund	302,956	302,956	302,956	0
Stormwater Utility Fund	54,067	54,067	54,067	0
Golf Enterprise Fund	68,844	68,844	68,844	0
Central Services Fund	339,739	359,739	359,739	0
Insurance Fund	36	76,576	76,576	0
Total Transfers In	<u>6,362,028</u>	<u>6,458,568</u>	<u>6,458,568</u>	<u>0</u>
Transfers Out:				
General Capital Projects Fund	(1,250,000)	(1,485,000)	(1,485,000)	0
Debt Service Fund	(3,706,001)	(3,706,001)	(3,706,001)	0
Sanitation Enterprise Fund		(40,000)	(40,000)	0
Central Services Fund	(200,000)	(200,000)	(200,000)	0
Total Transfers Out	<u>(5,156,001)</u>	<u>(5,431,001)</u>	<u>(5,431,001)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>1,206,027</u>	<u>1,027,567</u>	<u>1,027,567</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(35,919,838)</u>	<u>(39,363,245)</u>	<u>16,371,063</u>	<u>55,734,308</u>
Fund Balance - Beginning	<u>55,725,371</u>	<u>55,725,371</u>	<u>55,725,371</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 19,805,533</u>	<u>\$ 16,362,126</u>	<u>\$ 72,096,434</u>	<u>\$ 55,734,308</u>

The notes to the required supplementary information are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
BEACH COMMUNITY REDEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(Unaudited - See accompanying independent auditors' report)**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Property Taxes	\$ 15,570,040	\$ 15,565,218	\$ 15,565,218	\$ 0
Intergovernmental	12,728,263	12,671,869	12,797,067	125,198
Investment Revenue	50,000	50,000	680,163	630,163
Miscellaneous	85,000	85,000	71,880	(13,121)
Total Revenues	<u>28,433,303</u>	<u>28,372,087</u>	<u>29,114,327</u>	<u>742,240</u>
EXPENDITURES:				
Current:				
General Government	9,813,451	9,912,451	8,841,331	1,071,120
Economic Environment	1,992,648	1,794,931	891,359	903,572
Culture and Recreation	515,000	590,000	555,708	34,292
Total Current	<u>12,321,099</u>	<u>12,297,382</u>	<u>10,288,398</u>	<u>2,008,984</u>
Capital Outlay:				
General Government	14,830,753	14,702,753	2,365,872	12,336,881
Public Safety	1,600,000	1,600,000	76,660	1,523,340
Physical Environment	15,549,165	18,918,744	7,528,900	11,389,844
Culture and Recreation	150,000	150,000	0	150,000
Total Capital Outlay	<u>32,129,918</u>	<u>35,371,497</u>	<u>9,971,432</u>	<u>25,400,065</u>
Debt Service:				
Principal	5,210,000	5,210,000	5,210,000	0
Interest and Fiscal Charges	1,994,250	1,994,250	1,992,884	1,367
Total Debt Service	<u>7,204,250</u>	<u>7,204,250</u>	<u>7,202,884</u>	<u>1,367</u>
Total Expenditures	<u>51,655,267</u>	<u>54,873,129</u>	<u>27,462,714</u>	<u>27,410,415</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,221,964)	(26,501,042)	1,651,613	28,152,655

(Continued)

CITY OF HOLLYWOOD, FLORIDA

BUDGETARY COMPARISON SCHEDULE
 BEACH COMMUNITY REDEVELOPMENT FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
 (Unaudited - See accompanying independent auditors' report)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES				
(USES):				
Transfers In:				
Special Programs Fund	\$ 0	\$ 0	\$ 39,989	\$ 39,989
Transfers Out:				
Parking Enterprise Fund	(700,000)	(700,000)	(16,300)	683,700
Total Other Financing Sources (Uses)	(700,000)	(700,000)	23,689	723,689
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	(23,921,964)	(27,201,042)	1,675,302	28,876,344
Fund Balance - Beginning	32,792,976	32,792,976	32,792,976	0
Fund Balance - Ending	\$ 8,871,012	\$ 5,591,934	\$ 34,468,278	\$ 28,876,344

The notes to the required supplementary information are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

BUDGETARY COMPARISON SCHEDULE
DOWNTOWN COMMUNITY REDEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(Unaudited - See accompanying independent auditors' report)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property Taxes	\$ 3,929,851	\$ 3,926,193	\$ 3,926,193	\$ 0
Intergovernmental	3,206,117	3,202,875	3,202,875	0
Investment Revenue	2,000	2,000	62,307	60,307
Miscellaneous	65,200	65,200	80,550	15,350
Total Revenues	<u>7,203,168</u>	<u>7,196,268</u>	<u>7,271,925</u>	<u>75,657</u>
EXPENDITURES:				
Current:				
General Government	3,323,443	3,660,236	3,092,786	567,450
Economic Environment	603,000	303,000	152,731	150,269
Physical Environment	200,000	140,000	20,000	120,000
Total Current	<u>4,126,443</u>	<u>4,103,236</u>	<u>3,265,517</u>	<u>837,719</u>
Capital Outlay:				
General Government	494,747	501,671	420,888	80,783
Transportation	1,870,113	2,444,435	304,627	2,139,808
Physical Environment	100,000	143,076	78,390	64,686
Total Capital Outlay	<u>2,464,860</u>	<u>3,089,182</u>	<u>803,905</u>	<u>2,285,277</u>
Debt Service:				
Principal	2,172,296	2,172,296	2,172,294	2
Interest and Fiscal Charges	585,319	588,236	585,507	2,730
Total Debt Service	<u>2,757,615</u>	<u>2,760,532</u>	<u>2,757,801</u>	<u>2,731</u>
Total Expenditures	<u>9,348,918</u>	<u>9,952,950</u>	<u>6,827,224</u>	<u>3,125,726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,145,750)	(2,756,682)	444,702	3,201,384
Fund Balance - Beginning	<u>3,111,681</u>	<u>3,111,681</u>	<u>3,111,681</u>	<u>0</u>
Fund Balance - Ending	\$ <u>965,931</u>	\$ <u>354,999</u>	\$ <u>3,556,383</u>	\$ <u>3,201,384</u>

The notes to the required supplementary information are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE CITY'S
 TOTAL OPEB LIABILITY AND RELATED RATIOS
 (Unaudited – See accompanying independent auditors' report)

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 18,898,738
Interest	20,845,587
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions or other inputs	(36,399,562)
Benefit Payments	<u>(15,376,000)</u>
Net Change in Total OPEB Liability	(12,031,237)
Total OPEB Liability - Beginning	<u>603,276,197</u>
Total OPEB Liability - Ending	<u>\$ 591,244,960</u>
Covered Payroll	\$ 102,544,514
Total OPEB Liability as a Percentage of Covered Payroll	576.57%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Benefit changes	None
Changes of assumptions	The discount rate was changed as follows:
Discount Rate:	
9/30/2017	3.50 %
9/30/2018	3.83 %

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES PLAN
LAST FOUR FISCAL YEARS

(Unaudited – See accompanying independent auditors' report)

	Measurement Date as of September 30			
	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service Cost	\$ 5,017,634	\$ 4,493,709	\$ 4,587,285	\$ 4,152,898
Interest	33,809,853	33,373,524	33,065,052	32,492,291
Benefit Changes	0	665,893	0	0
Difference Between Actual and Expected Experience	(2,204,530)	1,986,958	1,839,725	333,165
Assumption Changes	23,474,009	4,147,745	4,976,256	0
Benefit Payments	(29,804,293)	(38,120,910)	(31,649,219)	(28,191,052)
Refunds of Contributions	(166,465)	(271,849)	(434,468)	(231,708)
Net Change in Total Pension Liability	30,126,208	6,275,070	12,384,631	8,555,594
Total Pension Liability - Beginning	443,427,405	437,152,336	424,767,705	416,212,111
Total Pension Liability - Ending	473,553,613	443,427,406	437,152,336	424,767,705
PLAN FIDUCIARY NET POSITION				
Contributions - City	20,562,868	9,767,849	23,216,393	23,160,583
Contributions - Nonemployer	0	0	8,469	0
Contributions - Member	3,185,801	3,088,620	2,604,831	2,671,277
Net Investment Income	33,218,838	29,224,225	5,108,678	28,051,900
Benefit Payments	(29,804,293)	(38,120,911)	(31,649,219)	(28,191,052)
Refunds of Contributions	(166,465)	(271,849)	(434,468)	(231,708)
Administrative Expense	(486,528)	(298,730)	(287,053)	(282,797)
Other	11,723	10,433	0	0
Net change in Plan Fiduciary Net Position	26,521,944	3,399,637	(1,432,369)	25,178,203
Plan Fiduciary Net Position - Beginning	289,742,276	286,342,639	287,775,008	262,596,805
Plan Fiduciary Net Position - Ending	316,264,220	289,742,276	286,342,639	287,775,008
Net Pension Liability - Ending	\$ <u>157,289,393</u>	\$ <u>153,685,130</u>	\$ <u>150,809,697</u>	\$ <u>136,992,697</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.79%	65.34%	65.50%	67.75%
Covered Payroll	\$ 39,822,513	\$ 38,607,750	\$ 32,560,388	\$ 33,390,963
Net Pension Liability as a Percentage of Covered Payroll	394.98%	398.07%	463.17%	410.27%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE EMPLOYER'S
 NET PENSION LIABILITY AND RELATED RATIOS (Continued)
 FIRE PENSION SYSTEM
 LAST FOUR FISCAL YEARS
 (Unaudited – See accompanying independent auditors' report)

	Measurement Date as September 30			
	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service Cost	\$ 4,750,396	\$ 4,453,321	\$ 3,767,328	\$ 3,392,835
Interest	26,389,549	24,500,448	23,842,805	23,251,404
Change in Excess State Money	0	0	0	62,926
Benefit Changes	0	1,979,452	485,214	0
Difference Between Actual and Expected Experience	5,102,275	5,256,660	1,276,360	0
Assumption Changes	0	11,571,857	2,607,740	0
Contributions - Buyback	0	102,854	0	0
Benefit Payments	(21,319,658)	(22,187,054)	(20,162,497)	(19,171,355)
Refunds of Contributions	0	0	(66,761)	(44,105)
Net Change in Total Pension Liability	14,922,562	25,677,538	11,750,189	7,491,705
Total Pension Liability - Beginning	357,781,126	332,103,588	320,353,399	312,861,694
Total Pension Liability - Ending	372,703,688	357,781,126	332,103,588	320,353,399
PLAN FIDUCIARY NET POSITION				
Contributions - City	14,349,564	14,398,112	14,310,591	10,721,832
Contributions - State	0	0	0	1,625,106
Contributions - Member	1,360,393	1,304,661	1,170,620	1,078,161
Contributions - Buyback	0	102,854	0	0
Net Investment Income	26,873,377	17,432,805	3,909,497	19,962,042
Benefit Payments	(21,319,658)	(22,187,054)	(20,162,497)	(19,171,355)
Refunds of Contributions	0	0	(66,761)	(44,105)
Administrative Expense	(559,938)	(625,368)	(489,016)	(635,223)
Net change in Plan Fiduciary Net Position	20,703,738	10,426,010	(1,327,566)	13,536,458
Plan Fiduciary Net Position - Beginning	211,688,995	201,262,985	202,590,551	189,054,093
Plan Fiduciary Net Position - Ending	232,392,733	211,688,995	201,262,985	202,590,551
Net Pension Liability - Ending	\$ 140,310,955	\$ 146,092,131	\$ 130,840,603	\$ 117,762,848
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.35%	59.17%	60.60%	63.24%
Covered Payroll	\$ 17,401,469	\$ 16,642,582	\$ 16,753,713	\$ 13,712,168
Net Pension Liability as a Percentage of Covered Payroll	806.32%	877.82%	780.96%	858.82%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE EMPLOYER'S
 NET PENSION LIABILITY AND RELATED RATIOS (Continued)
 POLICE OFFICERS' RETIREMENT SYSTEM
 LAST FOUR FISCAL YEARS
 (Unaudited – See accompanying independent auditors' report)

	Measurement Date as of September 30			
	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service Cost	\$ 4,926,424	\$ 4,093,052	\$ 3,518,988	\$ 3,148,678
Interest	27,871,029	25,130,908	24,415,878	29,080,971
Benefit Changes	0	0	2,093,658	0
Difference Between Actual and Expected Experience	8,126,704	9,005,099	5,887,738	1,770,772
Assumption Changes	16,168,696	25,704,000	0	0
Benefit Payments	(27,582,433)	(23,179,330)	(23,318,201)	(22,993,671)
Refunds of Contributions	(20,298)	(35,258)	(73,428)	(126,781)
Net Change in Total Pension Liability	29,490,122	40,718,471	12,524,633	10,879,969
Total Pension Liability - Beginning	439,195,437	398,476,966	385,952,333	375,072,364
Total Pension Liability - Ending	468,685,559	439,195,437	398,476,966	385,952,333
PLAN FIDUCIARY NET POSITION				
Contributions - City	17,005,579	13,960,747	13,425,807	11,209,547
Contributions - State	0	0	0	1,269,750
Contributions - Member	1,625,263	1,714,832	1,454,477	1,341,148
Net Investment Income	30,856,527	22,123,392	3,175,147	22,976,304
Benefit Payments	(27,582,433)	(23,179,330)	(23,318,201)	(22,993,671)
Refunds of Contributions	(20,298)	(35,258)	(73,428)	(126,781)
Administrative Expense	(726,806)	(671,069)	(656,738)	(684,234)
Other	164,029	(160,748)	210,285	27,952
Net change in Plan Fiduciary Net Position	21,321,861	13,752,566	(5,782,651)	13,020,015
Plan Fiduciary Net Position - Beginning	259,162,808	245,410,242	251,192,893	238,172,878
Plan Fiduciary Net Position - Ending	280,484,669	259,162,808	245,410,242	251,192,893
Net Pension Liability - Ending	\$ 188,200,890	\$ 180,032,629	\$ 153,066,724	\$ 134,759,440
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.84%	59.01%	61.59%	65.08%
Covered Payroll	\$ 23,676,707	\$ 18,649,015	\$ 16,504,396	\$ 15,092,088
Net Pension Liability as a Percentage of Covered Payroll	794.88%	965.37%	927.43%	892.91%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 LAST FIVE FISCAL YEARS
 (Unaudited – See accompanying independent auditors' report)

FLORIDA RETIREMENT SYSTEM

	Measurement Date as of June 30				
	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.002802949 %	0.002714891 %	0.002740042 %	0.002844445 %	0.002229762 %
City's Proportionate Share of the Net Pension Liability	\$ 844,263	\$ 803,047	\$ 691,863	\$ 367,398	\$ 136,048
City's Covered Payroll	\$ 209,565	\$ 198,905	\$ 185,400	\$ 185,400	\$ 185,400
City's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	402.86 %	403.73 %	373.17 %	198.17 %	73.38 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26 %	83.89 %	84.88 %	92.00 %	96.09 %

HEALTH INSURANCE SUBSIDY

	Measurement Date as of June 30				
	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.000641633 %	0.000624036 %	0.00060059 %	0.000611052 %	0.000623967 %
City's Proportionate Share of the Net Pension Liability	\$ 67,911	\$ 66,724	\$ 69,997	\$ 62,318	\$ 58,342
City's Covered Payroll	\$ 209,565	\$ 198,905	\$ 185,400	\$ 185,400	\$ 185,400
City's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	32.41 %	33.55 %	37.75 %	33.61 %	31.47 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15 %	1.64 %	0.97 %	0.50 %	0.99 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST FIVE FISCAL YEARS
(Unaudited – See accompanying independent auditors' report)

GENERAL EMPLOYEES PLAN

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 24,702,602	\$ 20,513,012	\$ 20,167,849	\$ 20,230,240	\$ 19,834,090
Contribution Made	<u>(22,113,713)</u>	<u>(20,574,591)</u>	<u>(9,778,282)</u>	<u>(23,224,862)</u>	<u>(23,160,583)</u>
Contribution Deficiency (Excess)	<u>\$ 2,588,889</u>	<u>\$ (61,579)</u>	<u>\$ 10,389,567</u>	<u>*\$ (2,994,622)</u>	<u>\$ (3,326,493)</u>
Covered Payroll	\$ 40,963,513	\$ 39,822,513	\$ 38,607,750	\$ 32,560,388	\$ 33,390,963
Contribution as a Percentage of Covered Payroll	53.98%	51.67%	25.33%	71.33%	69.36%

* The City prepaid \$10.4 million in September 2015 for the fiscal year 2016.

FIRE PENSION SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 16,373,064	\$ 14,349,564	\$ 14,398,112	\$ 14,310,591	\$ 12,284,012
Contribution Made	<u>(16,373,064)</u>	<u>(14,349,564)</u>	<u>(14,398,112)</u>	<u>(14,310,591)</u>	<u>(12,284,012)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>				
Covered Payroll	\$ 18,938,690	\$ 17,401,469	\$ 16,642,582	\$ 16,753,713	\$ 13,712,168
Contribution as a Percentage of Covered Payroll	82.46%	82.46%	86.51%	85.42%	89.58%

POLICE OFFICERS' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 19,492,251	\$ 17,005,579	\$ 13,960,747	\$ 13,425,807	\$ 12,479,297
Contribution Made	<u>(19,492,251)</u>	<u>(17,005,579)</u>	<u>(13,960,747)</u>	<u>(13,425,807)</u>	<u>(12,479,297)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>				
Covered Payroll	\$ 23,585,094	\$ 23,676,707	\$ 18,649,015	\$ 16,504,396	\$ 15,092,088
Contribution as a Percentage of Covered Payroll	82.65%	71.82%	74.86%	81.35%	82.69%

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS (Continued)
 LAST FIVE FISCAL YEARS
 (Unaudited – See accompanying independent auditors’ report)

FLORIDA RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
September 30,					
Contractually Required Contribution	\$ 79,882	\$ 70,675	\$ 78,909	\$ 77,916	\$ 63,460
Actual Contribution in Relation to					
Contractually Required Contribution	<u>(79,882)</u>	<u>(70,675)</u>	<u>(78,909)</u>	<u>(77,916)</u>	<u>(63,460)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>				
Covered Payroll	\$ 210,951	\$ 204,451	\$ 192,530	\$ 185,400	\$ 185,400
Contribution as a Percentage of					
Covered Payroll	37.87%	34.57%	40.99%	42.03%	34.23%

HEALTH INSURANCE SUBSIDY

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 3,480	\$ 3,303	\$ 3,078	\$ 2,336	\$ 2,138
Actual Contribution in Relation to					
Contractually Required Contribution	<u>(3,480)</u>	<u>(3,303)</u>	<u>(3,078)</u>	<u>(2,336)</u>	<u>(2,138)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>				
Covered Payroll	\$ 210,951	\$ 204,451	\$ 192,530	\$ 185,400	\$ 185,400
Contribution as a Percentage of					
Covered Payroll	1.65%	1.62%	1.60%	1.26%	1.15%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited – See accompanying independent auditors' report)

NOTE I – ACTUARIAL METHODS AND ASSUMPTIONS USED IN DETERMINING PENSION PLAN CONTRIBUTION RATES

The following actuarial methods and assumptions were used to determine contribution rates reported for the fiscal year ending September 30, 2018:

	<u>General Employees Plan</u>	<u>Fire Pension System</u>	<u>Police Officers' Retirement System</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent Closed	Level Percent Closed	Level Percent Closed
Remaining Amortization Period	30 Years	30 Years	18 to 30 Years
Asset Valuation Method	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.70%	7.50%	8.00%
Assumed Annual Salary Increase	3.00% to 8.00%	Service Based	5.03% to 10.67%
Inflation	2.50%	2.50%	3.50%
Cost-of-Living Adjustment (COLA)	N/A	(a)	2.00% (b)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition	N/A	Experience-based table of rates that are specific to the type of eligibility condition
Mortality Rates	RP-2000 Combined Health Participant Mortality Table	RP-2000 Combined Health Participant Mortality Table	Female RP-2000 Generational 100% annuitant White Collar, Scale BB Male RP-2000 Generational 90% annuitant Blue Collar, Scale BB
Mortality Rate - Disabled	RP-2000 Combined Health Participant Mortality Table	RP-2000 Combined Disability Table	RP-2000 Disability Table
Valuation Date	10/01/16	10/01/16	10/01/16

(a) Benefit amount for benefits accrued prior to October 1, 2011 (frozen piece): Retirees receive a 2.0% per year cost-of-living adjustment (COLA) commencing three years after retiree's benefit payments have begun. Members hired after July 16, 2009 will not receive a COLA on the "prior service" piece. Benefit amount for benefits accrued on and after October 1, 2011 will receive no COLA.

(b) All benefits accrued after October 1, 2011 will not be subject to any cost of living adjustments.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE II – STEWARDSHIP AND ACCOUNTABILITY

BUDGETARY INFORMATION – Budgets are legally adopted for the General, Enterprise and Internal Service Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. The level of budgetary control is the department. The City Manager is authorized to transfer budgeted amounts within departments. Revisions increasing or decreasing the total budget for a department or fund require City Commission approval. Appropriations in annually budgeted funds, except for amounts corresponding to outstanding encumbrances, lapse at year-end.

Multi-year project budgets are adopted for grants reported in the Special Revenue Funds and for authorized capital improvements reported in the Capital Projects Fund. Accordingly, the Special Revenue and Capital Projects Funds have been excluded from budget versus actual presentation except for the Beach Community Redevelopment Agency and the Downtown Community Redevelopment Agency that have legally adopted annual operating budgets.

Encumbrance accounting is utilized, in which purchase orders, contracts, and other financial commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. This method is employed as an extension of formal budgetary accounting in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities. In the General Fund, unexpended portions of such reserves lapse at the end of the next fiscal year after encumbrance.

(THIS PAGE INTENTIONALLY LEFT BLANK)

NONMAJOR GOVERNMENTAL FUNDS

The City's nonmajor governmental funds are comprised of the following fund types and funds:

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

SPECIAL PROGRAMS FUND - This fund accounts for federal, state and local governments program grants and other restricted sources.

LAW ENFORCEMENT FORFEITURE FUND - This fund accounts for confiscated monies and property awarded to the City for law enforcement related expenditures as stipulated by State Statutes.

POLICE GRANTS FUND - This fund accounts for various grants awarded to the City for police related activities.

EMERGENCY AND DISASTER FUND – This fund accounts for resources accumulated for emergency use in the event of a hurricane, fire, flood or other major disaster.

LOCAL HOUSING ASSISTANCE FUND - This fund accounts for loan programs financed by State Housing Initiatives Partnership (S.H.I.P.) program grants.

DEBT SERVICE FUNDS

Debt service funds are used to set aside resources to meet current and future debt service requirements on long-term debt of governmental funds.

DEBT SERVICE FUND – This fund accounts for accumulation of transfers from other funds and other revenues and payment of principal and interest on various Governmental Financing Commission loans.

GENERAL OBLIGATION BONDS SERIES 2005 – This fund accounts for revenues from ad valorem taxes and other revenues and payment of principal and interest on the City's 2005 general obligation bond issue.

GAS TAX CAPITAL PROJECTS FUND

This fund accounts for the construction of major capital improvements financed with proceeds from an excise tax imposed on sales of gasoline.

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018

	Special Revenue Funds				
	Special Programs	Law Enforcement Forfeiture	Police Grants	Emergency and Disaster	Local Housing Assistance (S.H.I.P.)
ASSETS:					
Cash	\$ 0	\$ 20,200	\$ 0	\$ 0	\$ 0
Investments	3,690,361	3,160,373	0	0	2,144,812
Accounts Receivable - Net of Allowances	25,000	0	0	0	0
Notes Receivable - Net of Allowances	16,869,487	0	0	0	10,775,010
Due from Other Governments:					
Federal	413,767	0	140,454	0	0
State	0	0	0	0	0
Local	96,691	4,500	26,746	0	0
Restricted Assets:					
Investments	20,085	0	0	0	0
Notes Receivable - Net of Allowances	2,043,067	0	0	0	0
Assets Held for Sale	<u>201,925</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 23,360,383</u>	<u>\$ 3,185,073</u>	<u>\$ 167,200</u>	<u>\$ 0</u>	<u>\$ 12,919,822</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
LIABILITIES:					
Vouchers Payable	\$ 177,422	\$ 17,800	\$ 0	\$ 3,044,984	\$ 12,037
Accrued Wages and Leave	9,845	0	0	0	0
Due to Other Funds	0	0	149,831	6,784,225	0
Unearned Revenue	1,098,899	0	0	0	1,265,230
Deposits Payable	292,281	15,695	0	0	0
Payable from Restricted Assets:					
Construction Contracts	20,085	0	0	0	0
Total Liabilities	<u>1,598,532</u>	<u>33,495</u>	<u>149,831</u>	<u>9,829,209</u>	<u>1,277,267</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable or Advanced Revenue	<u>19,150,828</u>	<u>0</u>	<u>136,434</u>	<u>0</u>	<u>10,775,010</u>
FUND BALANCES:					
Restricted	2,564,801	3,151,578	0	0	867,545
Committed	20,613	0	0	0	0
Assigned	25,609	0	0	0	0
Unassigned	0	0	(119,065)	(9,829,209)	0
Total Fund Balances	<u>2,611,023</u>	<u>3,151,578</u>	<u>(119,065)</u>	<u>(9,829,209)</u>	<u>867,545</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 23,360,383</u>	<u>\$ 3,185,073</u>	<u>\$ 167,200</u>	<u>\$ 0</u>	<u>\$ 12,919,822</u>

Debt Service Funds

Debt Service Fund	General Obligation Bonds Series 2005	Gas Tax Capital Projects	Total
\$ 0	\$ 0	\$ 0	\$ 20,200
1,097,588	282,187	2,439,675	12,814,996
0	0	0	25,000
0	0	0	27,644,497
0	0	0	554,221
0	0	455,106	455,106
0	0	0	127,937
0	0	0	20,085
0	0	0	2,043,067
<u>0</u>	<u>0</u>	<u>0</u>	<u>201,925</u>
<u>\$ 1,097,588</u>	<u>\$ 282,187</u>	<u>\$ 2,894,782</u>	<u>\$ 43,907,035</u>
\$ 0	\$ 0	\$ 1,423	\$ 3,253,666
0	0	0	9,845
0	0	0	6,934,056
0	0	0	2,364,129
0	0	0	307,976
0	0	0	20,085
<u>0</u>	<u>0</u>	<u>1,423</u>	<u>12,889,757</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>30,062,272</u>
0	282,187	2,893,359	9,759,470
0	0	0	20,613
1,097,588	0	0	1,123,197
0	0	0	(9,948,274)
<u>1,097,588</u>	<u>282,187</u>	<u>2,893,359</u>	<u>955,006</u>
<u>\$ 1,097,588</u>	<u>\$ 282,187</u>	<u>\$ 2,894,782</u>	<u>\$ 43,907,035</u>

CITY OF HOLLYWOOD, FLORIDA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds				
	Special Programs	Law Enforcement Forfeiture	Police Grants	Emergency and Disaster	Local Housing Assistance (S.H.I.P.)
REVENUES:					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	3,092,195	0	296,280	23,213	457,840
Charges for Services	331,707	0	0	0	0
Fines and Forfeitures	0	1,284,204	0	0	0
Investment Revenue	143,958	32,789	0	0	65,074
Miscellaneous	91,117	3,970	0	4	0
Total Revenues	3,658,977	1,320,963	296,280	23,217	522,914
EXPENDITURES:					
Current:					
Public Safety	698,294	757,340	138,953	0	0
Economic Environment	1,327,703	0	0	0	94,857
Culture and Recreation	755,839	0	0	0	0
Emergency and Disaster Relief	0	0	0	7,002,272	0
Other	27,815	0	0	0	12,972
Capital Outlay:					
Public Safety	25,743	171,309	136,227	0	0
Transportation	0	0	0	0	0
Debt Service:					
Principal	548,145	0	0	0	0
Interest and Fiscal Charges	32,820	0	0	0	0
Total Expenditures	3,416,359	928,649	275,180	7,002,272	107,829
Excess (Deficiency) of Revenues Over (Under) Expenditures	242,618	392,314	21,100	(6,979,055)	415,085

Debt Service Funds

<u>Debt Service Fund</u>	<u>General Obligation Bonds Series 2005</u>	<u>Gas Tax Capital Projects</u>	<u>Total</u>
\$ 0	\$ 3,673,369	\$ 0	\$ 3,673,369
0	0	2,760,348	6,629,876
0	0	0	331,707
0	0	0	1,284,204
26,784	18,050	21,215	307,870
0	0	0	95,091
<u>26,784</u>	<u>3,691,419</u>	<u>2,781,563</u>	<u>12,322,117</u>
0	0	0	1,594,587
0	0	0	1,422,560
0	0	0	755,839
0	0	0	7,002,272
0	0	0	40,787
0	0	0	333,279
0	0	183,965	183,965
3,546,414	2,505,000	0	6,599,559
<u>1,827,379</u>	<u>1,137,464</u>	<u>0</u>	<u>2,997,663</u>
<u>5,373,793</u>	<u>3,642,464</u>	<u>183,965</u>	<u>20,930,511</u>
<u>(5,347,009)</u>	<u>48,955</u>	<u>2,597,598</u>	<u>(8,608,394)</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds				Local Housing Assistance (S.H.I.P.)
	Special Programs	Law Enforcement Forfeiture	Police Grants	Emergency and Disaster	
OTHER FINANCING SOURCES (USES):					
Transfers In:					
General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Capital Projects Fund	0	0	0	0	0
Special Programs Fund	0	0	0	0	0
Debt Service Fund	69,925	0	0	0	0
Gas Tax Capital Projects Fund	0	0	0	0	0
Total Transfers In	<u>69,925</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Transfers Out:					
General Fund	(10,000)	0	0	0	0
Beach Community Redevelopment Fund	(39,989)	0	0	0	0
Special Programs Fund	0	0	0	0	0
Debt Service Fund	(211,162)	0	0	0	0
Total Transfers Out	<u>(261,151)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(191,226)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Fund Balances	51,392	392,314	21,100	(6,979,055)	415,085
Fund Balances - Beginning	20,358,750	2,759,264	(140,165)	(2,850,154)	9,413,900
Restatement of Fund Balance	(17,799,119)	0	0	0	(8,961,440)
Fund Balances - Beginning, as Restated	<u>2,559,631</u>	<u>2,759,264</u>	<u>(140,165)</u>	<u>(2,850,154)</u>	<u>452,460</u>
Fund Balances - Ending	\$ <u><u>2,611,023</u></u>	\$ <u><u>3,151,578</u></u>	\$ <u><u>(119,065)</u></u>	\$ <u><u>(9,829,209)</u></u>	\$ <u><u>867,545</u></u>

(Continued)

<u>Debt Service Funds</u>			
<u>Debt Service Fund</u>	<u>General Obligation Bonds Series 2005</u>	<u>Gas Tax Capital Projects</u>	<u>Total</u>
\$ 3,706,001	\$ 0	\$ 0	\$ 3,706,001
211,163	0	0	211,163
48,243	0	0	48,243
0	0	0	69,925
<u>1,227,065</u>	<u>0</u>	<u>0</u>	<u>1,227,065</u>
<u>5,192,472</u>	<u>0</u>	<u>0</u>	<u>5,262,397</u>
0	0	(545,897)	(555,897)
0	0	0	(39,989)
(69,925)	0	0	(69,925)
<u>0</u>	<u>0</u>	<u>(1,227,065)</u>	<u>(1,438,227)</u>
<u>(69,925)</u>	<u>0</u>	<u>(1,772,962)</u>	<u>(2,104,038)</u>
<u>5,122,547</u>	<u>0</u>	<u>(1,772,962)</u>	<u>3,158,359</u>
(224,462)	48,955	824,636	(5,450,035)
1,322,050	233,232	2,068,723	33,165,600
0	0	0	(26,760,559)
<u>1,322,050</u>	<u>233,232</u>	<u>2,068,723</u>	<u>6,405,041</u>
<u>\$ 1,097,588</u>	<u>\$ 282,187</u>	<u>\$ 2,893,359</u>	<u>\$ 955,006</u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City Commission is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the periodic determination of net income is appropriate for accountability purposes.

STORMWATER UTILITY FUND - This fund accounts for fees and charges related to the operation and maintenance of a stormwater management system.

GOLF ENTERPRISE FUND - This fund accounts for the operations and rental payments of City owned golf courses.

RECORDS PRESERVATION FUND – This fund accounts for resources accumulated to defray the cost of maintaining city-wide records management and preservation activities.

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	<u>Stormwater Utility</u>	<u>Golf Enterprise</u>	<u>Records Preservation</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
ASSETS:				
CURRENT ASSETS:				
Cash	\$ 0	\$ 100,000	\$ 130	\$ 100,130
Investments	11,283,512	0	189,397	11,472,909
Accounts Receivable - Net of Allowances	<u>558,795</u>	<u>0</u>	<u>0</u>	<u>558,795</u>
Total Current Assets	<u>11,842,307</u>	<u>100,000</u>	<u>189,527</u>	<u>12,131,834</u>
NONCURRENT ASSETS:				
Capital Assets:				
Land	0	962,122	0	962,122
Buildings	0	2,935,048	0	2,935,048
Improvements	8,221,549	3,826,887	0	12,048,436
Machinery and Equipment	130,010	1,654,703	0	1,784,713
Accumulated Depreciation	<u>(3,326,862)</u>	<u>(7,755,577)</u>	<u>0</u>	<u>(11,082,439)</u>
Total Noncurrent Assets	<u>5,024,697</u>	<u>1,623,183</u>	<u>0</u>	<u>6,647,880</u>
Total Assets	<u>16,867,005</u>	<u>1,723,183</u>	<u>189,527</u>	<u>18,779,715</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Pension Contribution	289,510	0	0	289,510
Deferred Outflow for Pension Assets	112,843	18,559	0	131,402
Deferred Outflow for Pension Liability	<u>250,305</u>	<u>8,520</u>	<u>0</u>	<u>258,825</u>
Total Deferred Outflows of Resources	<u>652,658</u>	<u>27,079</u>	<u>0</u>	<u>679,737</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>17,519,663</u>	<u>1,750,262</u>	<u>189,527</u>	<u>19,459,452</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF NET POSITION
 SEPTEMBER 30, 2018

	<u>Stormwater Utility</u>	<u>Golf Enterprise</u>	<u>Records Preservation</u>	<u>Total</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
LIABILITIES:				
CURRENT LIABILITIES:				
Vouchers Payable	\$ 6,328	\$ 122,629	\$ 0	\$ 128,957
Accrued Wages and Leave	149,436	0	0	149,436
Construction Contracts	215,163	0	0	215,163
Due to Other Funds	0	1,659,775	0	1,659,775
Due to Other Governments	0	3,922	0	3,922
Interest Payable	9,085	0	0	9,085
Deposits Payable	0	29,169	0	29,169
Loans Payable	<u>78,293</u>	<u>0</u>	<u>0</u>	<u>78,293</u>
Total Current Liabilities	<u>458,305</u>	<u>1,815,495</u>	<u>0</u>	<u>2,273,800</u>
NONCURRENT LIABILITIES:				
Loans Payable	904,912	0	0	904,912
Other Postemployment Benefits Obligation	4,061,551	125,780	0	4,187,331
Net Pension Liability	<u>2,535,680</u>	<u>355,128</u>	<u>0</u>	<u>2,890,808</u>
Total Noncurrent Liabilities	<u>7,502,144</u>	<u>480,908</u>	<u>0</u>	<u>7,983,052</u>
Total Liabilities	<u>7,960,449</u>	<u>2,296,403</u>	<u>0</u>	<u>10,256,852</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflow for Pension Liabilities	19,924	150	0	20,074
Deferred Inflow for Pension Assets	203,667	16,777	0	220,444
Deferred Inflow for OPEB Liability	<u>204,060</u>	<u>0</u>	<u>0</u>	<u>204,060</u>
	<u>427,650</u>	<u>16,927</u>	<u>0</u>	<u>444,577</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>8,388,099</u>	<u>2,313,330</u>	<u>0</u>	<u>10,701,429</u>
NET POSITION:				
Net Investment in Capital Assets	4,041,492	1,623,183	0	5,664,675
Unrestricted (Deficit)	<u>5,090,072</u>	<u>(2,186,251)</u>	<u>189,527</u>	<u>3,093,348</u>
TOTAL NET POSITION	<u>\$ 9,131,564</u>	<u>\$ (563,068)</u>	<u>\$ 189,527</u>	<u>\$ 8,758,023</u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Stormwater Utility</u>	<u>Golf Enterprise</u>	<u>Records Preservation</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for Sales and Services	\$ 3,214,559	\$ 1,658,275	\$ 33,957	\$ 4,906,791
Miscellaneous	0	263,426	0	263,426
Total Operating Revenues	<u>3,214,559</u>	<u>1,921,701</u>	<u>33,957</u>	<u>5,170,217</u>
OPERATING EXPENSES:				
Personal Services and Benefits	1,397,634	0	0	1,397,634
Supplies, Services and Claims	1,030,217	1,812,899	34,219	2,877,335
Depreciation	252,001	254,739	0	506,740
Total Operating Expenses	<u>2,679,852</u>	<u>2,067,638</u>	<u>34,219</u>	<u>4,781,709</u>
Operating Income (Loss)	<u>534,707</u>	<u>(145,937)</u>	<u>(262)</u>	<u>388,508</u>
NONOPERATING REVENUES (EXPENSES):				
Investment Revenue	127,628	0	2,165	129,793
Interest Expense	(31,990)	(24,617)	0	(56,607)
Other Income (Expense)	<u>(174,572)</u>	<u>(7,086)</u>	<u>0</u>	<u>(181,658)</u>
Total Nonoperating Revenues (Expenses)	<u>(78,934)</u>	<u>(31,703)</u>	<u>2,165</u>	<u>(108,472)</u>
Income (Loss) Before Transfers	<u>455,773</u>	<u>(177,640)</u>	<u>1,903</u>	<u>280,036</u>
TRANSFERS IN (OUT):				
Transfers In:				
General Fund	<u>0</u>	<u>40,000</u>	<u>0</u>	<u>40,000</u>
Total Transfers In	<u>0</u>	<u>40,000</u>	<u>0</u>	<u>40,000</u>
Transfers Out:				
General Fund	(54,067)	(68,844)	0	(122,911)
Water and Sewer Utility	<u>(350,882)</u>	<u>0</u>	<u>0</u>	<u>(350,882)</u>
Total Transfers Out	<u>(404,949)</u>	<u>(68,844)</u>	<u>0</u>	<u>(473,793)</u>
Change in Net Position	50,824	(206,484)	1,903	(153,757)
Net Position - Beginning	<u>11,618,424</u>	<u>(356,584)</u>	<u>187,624</u>	<u>11,449,464</u>
Restatement of Net Position				
GASB 75 Implementation	<u>(2,537,684)</u>	<u>0</u>	<u>0</u>	<u>(2,537,684)</u>
Net Position - Beginning, as Restated	<u>9,080,740</u>	<u>(356,584)</u>	<u>187,624</u>	<u>8,911,780</u>
Net Position - Ending	<u>\$ 9,131,564</u>	<u>\$ (563,068)</u>	<u>\$ 189,527</u>	<u>\$ 8,758,023</u>

CITY OF HOLLYWOOD, FLORIDA

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Stormwater Utility</u>	<u>Golf Enterprise</u>	<u>Records Preservation</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers, Employees and Other Governments	\$ 3,187,924	\$ 1,923,595	\$ 33,957	\$ 5,145,476
Payments to Suppliers for Goods and Services	(1,087,145)	(1,859,194)	(37,834)	(2,984,173)
Payments to Employees for Services	<u>(1,213,711)</u>	<u>0</u>	<u>0</u>	<u>(1,213,711)</u>
Net Cash Provided (Used) by Operating Activities	<u>887,068</u>	<u>64,401</u>	<u>(3,877)</u>	<u>947,592</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers In	0	40,000	0	40,000
Transfers Out	<u>(404,949)</u>	<u>(68,844)</u>	<u>0</u>	<u>(473,793)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(404,949)</u>	<u>(28,844)</u>	<u>0</u>	<u>(433,793)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal Paid on Bonds, Notes and Equipment Contracts	(75,890)	(27,871)	0	(103,761)
Interest Paid on Bonds, Notes and Equipment Contracts	(32,703)	(24,618)	0	(57,321)
Acquisition and Construction of Capital Assets	<u>(217,073)</u>	<u>(102,191)</u>	<u>0</u>	<u>(319,264)</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(325,666)</u>	<u>(154,680)</u>	<u>0</u>	<u>(480,346)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from Sale and Maturities of Investment Securities	3,607,614	2,263,971	42,700	5,914,285
Purchase of Investment Securities	(3,891,695)	(2,144,848)	(40,988)	(6,077,531)
Investment Revenue	<u>127,628</u>	<u>0</u>	<u>2,165</u>	<u>129,793</u>
Net Cash Provided (Used) in Investing Activities	<u>(156,453)</u>	<u>119,123</u>	<u>3,877</u>	<u>(33,453)</u>
Net Increase (Decrease) in Cash	0	0	0	0
Cash - October 1	<u>0</u>	<u>100,000</u>	<u>130</u>	<u>100,130</u>
Cash - September 30	<u><u>\$ 0</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 130</u></u>	<u><u>\$ 100,130</u></u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Stormwater Utility</u>	<u>Golf Enterprise</u>	<u>Records Preservation</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 534,707	\$ (145,937)	\$ (262)	\$ 388,508
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	252,001	254,739	0	506,740
Change in Assets, Liabilities and Deferred Inflows/Outflows:				
(Increase) Decrease in Accounts Receivable	90,982	0	0	90,982
(Increase) Decrease in Deferred Outflows of Resources	(117,235)	63,872	0	(53,363)
Increase (Decrease) in Vouchers Payable	(56,928)	199	(3,615)	(60,344)
Increase (Decrease) in Accrued Wages and Leave	38,554	(59,100)	0	(20,546)
Increase (Decrease) in Unearned Revenue	(117,617)	0	0	(117,617)
Increase (Decrease) in Deposits Payable	0	1,894	0	1,894
Increase (Decrease) in Total Other Postemployment Benefits Liability	(80,938)	0	0	(80,938)
Increase (Decrease) in Net Pension Liability	47,660	(44,414)	0	3,246
Increase (Decrease) in Deferred Inflows of Resources	295,882	(6,852)	0	289,030
Total Adjustments	<u>352,361</u>	<u>210,338</u>	<u>(3,615)</u>	<u>559,084</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 887,068</u>	<u>\$ 64,401</u>	<u>\$ (3,877)</u>	<u>\$ 947,592</u>
NONCASH CAPITAL FINANCING ACTIVITIES:				
Changes in Fair Value of Investments	\$ 11,501	\$ (1,694)	\$ 193	\$ 10,000
Contributions to Other Funds and Governments	<u>(174,572)</u>	<u>0</u>	<u>0</u>	<u>(174,572)</u>
Total Noncash Capital Financing Activities	<u>\$ (163,071)</u>	<u>\$ (1,694)</u>	<u>\$ 193</u>	<u>\$ (164,572)</u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

CENTRAL SERVICES FUND - This fund accounts for the operation of the central garage, archiving services, public relations services and information technology services..

INSURANCE FUND - This fund accounts for self insurance activities, including reserves, and employee health benefits as well as purchased insurance coverages for general, auto and property liability.

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	<u>Central Services</u>	<u>Insurance</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
ASSETS:			
CURRENT ASSETS:			
Cash	\$ 500	\$ 476,945	\$ 477,445
Investments	23,691,703	31,374,028	55,065,731
Reinsurance Receivable	0	1,539,040	1,539,040
Inventories of Supplies	143,179	0	143,179
Total Current Assets	<u>23,835,382</u>	<u>33,390,013</u>	<u>57,225,395</u>
NONCURRENT ASSETS:			
Capital Assets:			
Buildings	1,141,350	0	1,141,350
Machinery and Equipment	44,990,029	0	44,990,029
Accumulated Depreciation	(37,584,048)	0	(37,584,048)
Total Noncurrent Assets	<u>8,547,331</u>	<u>0</u>	<u>8,547,331</u>
Total Assets	<u>32,382,713</u>	<u>33,390,013</u>	<u>65,772,726</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Contribution	1,704,534	129,999	1,834,533
Deferred Change in Pension Assets	576,758	14,634	591,392
Deferred Change in Pension Liability	1,422,068	150,989	1,573,057
Total Deferred Outflows of Resources	<u>3,703,360</u>	<u>295,622</u>	<u>3,998,982</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>36,086,073</u>	 <u>33,685,635</u>	 <u>69,771,708</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	<u>Central Services</u>	<u>Insurance</u>	<u>Total</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
LIABILITIES:			
CURRENT LIABILITIES:			
Vouchers Payable	638,713	426,598	1,065,311
Accrued Wages and Leave	497,122	42,229	539,351
Construction Contracts	1,056,612	0	1,056,612
Interest Payable	155,796	0	155,796
Claims Payable	0	5,324,444	5,324,444
Bonds Payable - Net	127,062	0	127,062
Capital Lease Obligations	999,766	0	999,766
Loans Payable	53,950	0	53,950
Total Current Liabilities	<u>3,529,021</u>	<u>5,793,271</u>	<u>9,322,292</u>
NONCURRENT LIABILITIES:			
Accrued Wages and Leave	401,487	73,095	474,582
Claims Payable	0	9,019,906	9,019,906
Bonds Payable - Net	4,000,568	0	4,000,568
Capital Lease Obligations	5,822,480	0	5,822,480
Loans Payable	121,731	0	121,731
Total Other Postemployment Benefits Liability	23,053,275	1,884,103	24,937,378
Net Pension Liability	14,100,493	1,323,915	15,424,408
Total Noncurrent Liabilities	<u>47,500,034</u>	<u>12,301,019</u>	<u>59,801,053</u>
Total Liabilities	<u>51,029,055</u>	<u>18,094,290</u>	<u>69,123,345</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflow for OPEB Liability	1,092,323	84,025	1,176,348
Deferred Inflow for Pension Assets	1,139,137	89,864	1,229,001
Deferred Inflow for Pension Liabilities	114,261	8,792	123,053
Total Deferred Inflows of Resources	<u>2,345,721</u>	<u>182,681</u>	<u>2,528,402</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
	<u>53,374,776</u>	<u>18,276,971</u>	<u>71,651,747</u>
NET POSITION:			
Unrestricted (Deficit)	<u>(17,288,703)</u>	<u>15,408,664</u>	<u>(1,880,039)</u>
TOTAL NET POSITION	<u>\$ (17,288,703)</u>	<u>\$ 15,408,664</u>	<u>\$ (1,880,039)</u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Central Services</u>	<u>Insurance</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Sales and Services	\$ 18,404,920	\$ 45,245,739	\$ 63,650,659
Miscellaneous	122,057	3,253,491	3,375,548
Total Operating Revenues	<u>18,526,977</u>	<u>48,499,230</u>	<u>67,026,207</u>
OPERATING EXPENSES:			
Personal Services and Benefits	7,243,320	608,813	7,852,133
Supplies, Services and Claims	7,899,842	40,298,490	48,198,332
Depreciation	3,474,995	0	3,474,995
Total Operating Expenses	<u>18,618,157</u>	<u>40,907,303</u>	<u>59,525,460</u>
Operating Income (Loss)	<u>(91,180)</u>	<u>7,591,927</u>	<u>7,500,747</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Revenue	245,776	333,146	578,922
Interest Expense	(352,412)	0	(352,412)
Other Income (Expense)	433,418	0	433,418
Total Nonoperating Revenues	<u>326,782</u>	<u>333,146</u>	<u>659,928</u>
Income (Loss) Before Capital Contributions and Transfers	<u>235,602</u>	<u>7,925,073</u>	<u>8,160,675</u>
TRANSFERS IN (OUT):			
Transfers In:			
General Fund	200,000	0	200,000
Sanitation Enterprise Fund	433,750	0	433,750
Parking Enterprise Fund	900,000	0	900,000
Total Transfers In	<u>1,533,750</u>	<u>0</u>	<u>1,533,750</u>
Transfers Out:			
General Fund	(359,739)	(76,576)	(436,315)
Total Transfers In (Out)	<u>1,174,011</u>	<u>(76,576)</u>	<u>1,097,435</u>
Change in Net Position	1,409,613	7,848,497	9,258,110
Net Position - Beginning	<u>(5,114,241)</u>	<u>8,605,096</u>	<u>3,490,855</u>
Restatement of Net Position for Prior Period Adjustment	<u>(13,584,075)</u>	<u>(1,044,929)</u>	<u>(14,629,004)</u>
Net Position - Beginning, as Restated	<u>(18,698,316)</u>	<u>7,560,167</u>	<u>(11,138,149)</u>
Net Position - Ending	<u><u>\$ (17,288,703)</u></u>	<u><u>\$ 15,408,664</u></u>	<u><u>\$ (1,880,039)</u></u>

CITY OF HOLLYWOOD, FLORIDA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Central Services</u>	<u>Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers and Employees	\$ 0	\$ 5,988,907	\$ 5,988,907
Cash Received from Other Funds	18,404,920	39,256,832	57,661,752
Payments to Suppliers for Goods and Services	(8,568,029)	(42,803,803)	(51,371,832)
Payments to Employees for Services	(6,673,199)	(542,942)	(7,216,141)
Other Operating Receipts (Payments)	<u>122,057</u>	<u>2,274,761</u>	<u>2,396,818</u>
Net Cash Provided (Used) by Operating Activities	<u>3,285,749</u>	<u>4,173,755</u>	<u>7,459,504</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers In	1,533,750	0	1,533,750
Transfers Out	<u>(359,739)</u>	<u>(76,576)</u>	<u>(436,315)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,174,011</u>	<u>(76,576)</u>	<u>1,097,435</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Bonds and Other Borrowings	2,267,573	0	2,267,573
Principal Paid on Other Borrowings	(1,309,511)	0	(1,309,511)
Interest Paid on Other Borrowings	(392,414)	0	(392,414)
Acquisition and Construction of Capital Assets	<u>(3,203,921)</u>	<u>0</u>	<u>(3,203,921)</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(2,638,273)</u>	<u>0</u>	<u>(2,638,273)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Sale and Maturities of Investment Securities	15,177,886	43,053,578	58,231,464
Purchase of Investment Securities	(17,359,411)	(47,415,403)	(64,774,814)
Investment Revenue	<u>245,776</u>	<u>333,146</u>	<u>578,922</u>
Net Cash Provided (Used) in Investing Activities	<u>(1,935,749)</u>	<u>(4,028,679)</u>	<u>(5,964,428)</u>
 Net Increase (Decrease) in Cash	 (114,262)	 68,500	 (45,762)
Cash - October 1	<u>500</u>	<u>408,445</u>	<u>408,945</u>
Cash - September 30	<u>\$ (113,762)</u>	<u>\$ 476,945</u>	<u>\$ 363,183</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Central Services</u>	<u>Insurance</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (91,180)	\$ 7,591,927	\$ 7,500,747
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,474,995	0	3,474,995
Change in Assets, Liabilities and Deferred Inflows/Outflows:			
(Increase) Decrease in Reinsurance Receivable	0	(978,730)	(978,730)
(Increase) Decrease in Inventory	(39,015)	0	(39,015)
(Increase) Decrease in Deferred Outflows of Resources	(789,043)	(9,332)	(798,375)
Increase (Decrease) in Vouchers Payable	(629,172)	407,089	(222,083)
Increase (Decrease) in Accrued Wages and Leave	(15,710)	2,463	(13,247)
Increase (Decrease) in Claims Payable	0	(2,912,402)	(2,912,402)
Increase (Decrease) in Total Other Postemployment Benefits Liability	(433,261)	(33,328)	(466,589)
Increase (Decrease) in Net Pension Liability	287,065	(19,872)	267,193
Increase (Decrease) in Deferred Inflows of Resources	1,521,070	125,940	1,647,010
Total Adjustments	<u>3,376,929</u>	<u>(3,418,172)</u>	<u>(41,243)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,285,749</u>	<u>\$ 4,173,755</u>	<u>\$ 7,459,504</u>
NONCASH CAPITAL FINANCING ACTIVITIES:			
Changes in Fair Value of Investments	\$ (23,725)	\$ (32,151)	\$ (55,876)
Contributions from Other Funds and Governments	448,406	0	448,406
Contributions to Other Funds and Governments	(6,841)	0	(6,841)
Total Noncash Capital Financing Activities	<u>\$ 417,840</u>	<u>\$ (32,151)</u>	<u>\$ 385,689</u>

(THIS PAGE INTENTIONALLY LEFT BLANK)

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the City.

EMPLOYEES' RETIREMENT FUND - To account for the accumulation of resources and benefit payments for the pension plan for general employees.

FIRE PENSION FUND - To account for the accumulation of resources and benefit payments for the pension plan for fire personnel.

POLICE RETIREMENT FUND - To account for the accumulation of resources and benefit payments for the pension plan for police personnel.

CITY OF HOLLYWOOD, FLORIDA

FIDUCIARY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2018

	<u>Employees Retirement</u>	<u>Fire Pension</u>	<u>Police Retirement</u>	<u>Total Pension Plans</u>
ASSETS:				
Investments				
U. S. Government Securities	\$ 0	\$ 25,618,549	\$ 18,549,590	\$ 44,168,139
Money Market Shares	7,270,899	0	3,759,898	11,030,797
Corporate Equities	14,608,041	160,923,052	188,611,765	364,142,858
Corporate Bonds and Other	0	28,990,310	47,984,735	76,975,045
Mutual Funds	221,974,088	32,988,592	38,140,556	293,103,236
Pooled Investment Funds	<u>87,950,901</u>	<u>43,308</u>	<u>0</u>	<u>87,994,209</u>
Total Investments	331,803,929	248,563,811	297,046,544	877,414,284
Contributions Receivable	0	48,935	4,870,112	4,919,047
Interest Receivable	37,139	229,898	575,737	842,774
Accounts Receivable	0	63,767	1,293,790	1,357,557
Prepaid Items	<u>0</u>	<u>9,002</u>	<u>2,308,677</u>	<u>2,317,679</u>
 TOTAL ASSETS	 <u>331,841,068</u>	 <u>248,915,413</u>	 <u>306,094,860</u>	 <u>886,851,341</u>
 LIABILITIES:				
Vouchers Payable	486,079	433,070	65,868	985,017
Due to Brokers	4,239	0	0	4,239
Due to Other Funds	<u>174,266</u>	<u>0</u>	<u>0</u>	<u>174,266</u>
 TOTAL LIABILITIES	 <u>664,584</u>	 <u>433,070</u>	 <u>65,868</u>	 <u>1,163,522</u>
 NET POSITION:				
Restricted for Pension Benefits	\$ <u><u>331,176,484</u></u>	\$ <u><u>248,482,343</u></u>	\$ <u><u>306,028,992</u></u>	\$ <u><u>885,687,819</u></u>

CITY OF HOLLYWOOD, FLORIDA

FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Employees Retirement</u>	<u>Fire Pension</u>	<u>Police Retirement</u>	<u>Total Pension Plans</u>
ADDITIONS:				
Contributions:				
City	\$ 22,101,019	\$ 15,812,519	\$ 19,492,251	\$ 57,405,789
Local	12,694	0	0	12,694
Members	<u>3,277,080</u>	<u>1,458,572</u>	<u>1,806,618</u>	<u>6,542,270</u>
Total Contributions	<u>25,390,793</u>	<u>17,271,091</u>	<u>21,298,869</u>	<u>63,960,753</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Plan Investments	17,515,918	19,215,154	27,489,860	64,220,932
Interest and Dividends	<u>5,005,754</u>	<u>4,577,166</u>	<u>6,971,566</u>	<u>16,554,486</u>
	22,521,672	23,792,320	34,461,426	80,775,418
Less: Investment Expense	<u>(801,156)</u>	<u>(1,127,772)</u>	<u>(1,379,306)</u>	<u>(3,308,234)</u>
Net Investment Income	<u>21,720,516</u>	<u>22,664,548</u>	<u>33,082,120</u>	<u>77,467,184</u>
Total Additions	<u>47,111,309</u>	<u>39,935,639</u>	<u>54,380,989</u>	<u>141,427,937</u>
DEDUCTIONS:				
Pension Benefits	31,167,921	19,388,249	28,190,020	78,746,190
Refunds of Contributions	448,377	27,183	53,956	529,516
Administrative Expenses	<u>582,747</u>	<u>642,533</u>	<u>592,690</u>	<u>1,817,970</u>
Total Deductions	<u>32,199,045</u>	<u>20,057,965</u>	<u>28,836,666</u>	<u>81,093,676</u>
Change in Net Position	14,912,264	19,877,674	25,544,323	60,334,261
Net Position Restricted for Pension Benefits - Beginning of Year	<u>316,264,220</u>	<u>228,604,669</u>	<u>280,484,669</u>	<u>825,353,558</u>
Net Position Restricted for Pension Benefits - End of Year	<u>\$ 331,176,484</u>	<u>\$ 248,482,343</u>	<u>\$ 306,028,992</u>	<u>\$ 885,687,819</u>

CITY OF HOLLYWOOD, FLORIDA

**INDEX TO
STATISTICAL SECTION**

(Unaudited – See accompanying independent auditors’ report)

This part of the City of Hollywood’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

	<u>Page No.</u>
FINANCIAL TRENDS	166-171
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
REVENUE CAPACITY	172-184
These schedules contain information to help the reader assess the government’s most significant tax revenue sources, and in particular property taxes.	
DEBT CAPACITY	185-189
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and its ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	190-191
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
OPERATING INFORMATION	192-198
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF HOLLYWOOD, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(\$ in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 (1)</u>
GOVERNMENTAL ACTIVITIES:				
Net Investment in Capital Assets	\$ 71,886	\$ 65,894	\$ 65,085	\$ 63,650
Restricted	34,865	33,995	49,191	36,472
Unrestricted	<u>(779,606)</u>	<u>(451,440)</u>	<u>(457,116)</u>	<u>(440,035)</u>
Total Governmental Activities Net Position	<u>\$ (672,855)</u>	<u>\$ (351,551)</u>	<u>\$ (342,840)</u>	<u>\$ (339,913)</u>
BUSINESS-TYPE ACTIVITIES:				
Net Investment in Capital Assets	\$ 186,154	\$ 164,263	\$ 145,990	\$ 125,409
Restricted	64,916	64,238	62,157	63,303
Unrestricted	<u>9,765</u>	<u>68,179</u>	<u>59,580</u>	<u>48,867</u>
Total Business-type Activities Net Position	<u>\$ 260,835</u>	<u>\$ 296,680</u>	<u>\$ 267,727</u>	<u>\$ 237,579</u>
PRIMARY GOVERNMENT:				
Net Investment in Capital Assets	\$ 258,040	\$ 230,157	\$ 211,075	\$ 189,059
Restricted	99,781	98,233	111,348	99,775
Unrestricted	<u>(769,841)</u>	<u>(383,261)</u>	<u>(397,536)</u>	<u>(391,168)</u>
Total Primary Government Net Position	<u>\$ (412,020)</u>	<u>\$ (54,871)</u>	<u>\$ (75,113)</u>	<u>\$ (102,334)</u>

- (1) As restated.
- (2) Previously titled Invested in Capital Assets - Net of Related Debt
- (3) Net Position previously titled Net Assets

2014	2013	2012	2011	2010	2009
\$ 58,658	\$ 54,284 (2)	\$ 55,803	\$ 55,606	\$ 53,304	\$ 55,205
37,383	35,220	34,097	31,892	30,695	28,310
(79,505)	(76,747)	(83,169)	(91,074)	(75,351)	(62,733)
<u>\$ 16,536</u>	<u>\$ 12,757 (3)</u>	<u>\$ 6,731</u>	<u>\$ (3,576)</u>	<u>\$ 8,648</u>	<u>\$ 20,782</u>
\$ 121,880	\$ 105,450 (2)	\$ 98,007	\$ 93,968	\$ 96,902	\$ 96,514
61,237	54,816	51,281	40,377	28,035	32,591
63,610	60,044	47,901	43,195	33,088	23,836
<u>\$ 246,727</u>	<u>\$ 220,310 (3)</u>	<u>\$ 197,189</u>	<u>\$ 177,540</u>	<u>\$ 158,025</u>	<u>\$ 152,941</u>
\$ 180,538	\$ 159,734 (2)	\$ 153,810	\$ 149,574	\$ 150,206	\$ 151,719
98,620	90,036	85,378	72,269	58,730	60,901
(15,895)	(16,703)	(35,268)	(47,879)	(42,263)	(38,897)
<u>\$ 263,263</u>	<u>\$ 233,067 (3)</u>	<u>\$ 203,920</u>	<u>\$ 173,964</u>	<u>\$ 166,673</u>	<u>\$ 173,723</u>

CITY OF HOLLYWOOD, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(\$ in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PRIMARY GOVERNMENT:				
EXPENSES:				
Governmental Activities:				
General Government	\$ 34,331	\$ 36,963	\$ 37,369	\$ 26,828
Public Safety	155,948	160,110	145,365	135,739
Public Works	13,047	15,400	15,566	13,647
Transportation	3,375	5,041	3,698	2,604
Economic Environment	6,767	6,641	6,143	22,407
Physical Environment	7,100	1,551	787	5,680
Culture and Recreation	14,851	14,815	14,970	14,460
Emergency and Disaster Relief & Other	7,002	3,293	0	0
Interest and Fiscal Charges	4,509	4,973	5,565	7,034
Total Governmental Activities	<u>246,930</u>	<u>248,787</u>	<u>229,463</u>	<u>228,399</u>
Business-type Activities:				
Water	27,276	29,604	27,398	24,353
Sewer	42,248	41,754	41,179	41,869
Sanitation	12,804	12,539	12,421	11,501
Stormwater	2,471	2,238	2,230	2,155
Golf	2,088	2,411	2,374	2,474
Parking	7,280	7,080	7,320	6,588
Other	34	28	6	4
Total Business-type Activities	<u>94,201</u>	<u>95,654</u>	<u>92,928</u>	<u>88,944</u>
Total Primary Government Expenditures	<u>\$ 341,131</u>	<u>\$ 344,441</u>	<u>\$ 322,391</u>	<u>\$ 317,343</u>
REVENUES:				
Governmental Activities:				
Charges for Services:				
General Government	\$ 12,718	\$ 12,279	\$ 10,881	\$ 8,750
Public Safety	42,433	38,318	36,503	38,024
Public Works	251	244	206	206
Transportation	76	104	333	312
Economic Environment	2,904	1,581	1,949	1,770
Physical Environment	733	1,109	1,496	335
Culture and Recreation	1,447	1,470	1,558	1,462
Operating Grants and Contributions	3,929	3,895	2,692	2,013
Capital Grants and Contributions	82	658	863	1,258
Total Governmental Activities	<u>64,573</u>	<u>59,658</u>	<u>56,481</u>	<u>54,130</u>
Business-type Activities:				
Water	40,425	41,050	39,757	40,551
Sewer	57,900	56,718	54,473	58,975
Sanitation	13,335	13,590	13,651	16,085
Stormwater	3,215	3,275	3,201	3,245
Golf	1,922	2,069	1,829	2,285
Parking	9,136	7,489	6,625	6,604
Other	34	40	30	19
Operating Grants and Contributions	47	0	0	29
Capital Grants and Contributions	2,802	2,731	4,808	2,933
Total Business-type Activities	<u>128,816</u>	<u>126,962</u>	<u>124,374</u>	<u>130,726</u>
Total Primary Government Revenues	<u>\$ 193,389</u>	<u>\$ 186,620</u>	<u>\$ 180,855</u>	<u>\$ 184,856</u>

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	26,525	\$ 25,874	\$ 19,740	\$ 22,678	\$ 30,650	\$ 32,404
	132,446	124,728	117,283	131,790	129,690	129,392
	14,238	13,752	11,332	12,937	14,853	14,786
	1,830	809	274	1,097	689	1,142
	10,025	5,018	8,383	6,469	3,592	6,896
	2,114	1,775	5,457	4,490	4,106	5,170
	14,966	15,039	15,748	17,113	13,455	14,888
	0	0	0	0	0	3
	<u>7,689</u>	<u>8,021</u>	<u>9,153</u>	<u>9,488</u>	<u>9,744</u>	<u>10,186</u>
	<u>209,833</u>	<u>195,016</u>	<u>187,370</u>	<u>206,062</u>	<u>206,779</u>	<u>214,867</u>
	26,367	25,293	24,977	25,314	25,200	24,888
	42,032	42,329	41,589	40,836	41,029	39,072
	11,393	11,765	12,339	13,408	14,948	14,091
	2,000	1,983	2,191	2,192	2,346	1,792
	2,910	2,912	2,878	3,211	3,450	3,253
	6,880	6,825	6,387	7,159	7,917	7,391
	0	22	0	23	4	1
	<u>91,582</u>	<u>91,129</u>	<u>90,361</u>	<u>92,143</u>	<u>94,894</u>	<u>90,488</u>
\$	<u><u>301,415</u></u>	<u><u>286,145</u></u>	<u><u>277,731</u></u>	<u><u>298,205</u></u>	<u><u>301,673</u></u>	<u><u>305,355</u></u>
\$	8,847	\$ 8,688	\$ 8,450	\$ 8,574	\$ 9,293	\$ 8,606
	39,196	35,367	34,431	30,260	29,918	24,179
	200	193	270	241	263	244
	1,500	0	0	0	0	0
	1,882	1,798	1,191	767	773	1,392
	1,174	267	412	200	253	399
	1,362	1,220	1,128	1,081	1,099	1,220
	7,078	7,905	8,402	11,545	11,221	9,223
	1,413	953	2,027	3,677	1,778	2,177
	<u>62,652</u>	<u>56,391</u>	<u>56,311</u>	<u>56,345</u>	<u>54,598</u>	<u>47,440</u>
	38,394	36,572	34,452	33,768	28,728	26,772
	55,481	53,577	51,258	49,647	44,635	38,668
	13,274	14,810	13,571	16,058	14,156	13,870
	3,333	3,191	3,313	3,043	3,321	2,927
	2,470	2,646	2,724	3,120	3,107	3,281
	6,588	6,540	6,518	8,375	6,536	6,248
	19	17	17	18	12	21
	29	197	232	417	1,272	9
	<u>2,151</u>	<u>1,870</u>	<u>879</u>	<u>630</u>	<u>3,122</u>	<u>2,279</u>
	<u>121,739</u>	<u>119,420</u>	<u>112,964</u>	<u>115,076</u>	<u>104,889</u>	<u>94,075</u>
\$	<u><u>184,391</u></u>	<u><u>175,811</u></u>	<u><u>169,275</u></u>	<u><u>171,421</u></u>	<u><u>159,487</u></u>	<u><u>141,515</u></u>

CITY OF HOLLYWOOD, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(\$ in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
NET (EXPENSES) REVENUES:				
Governmental Activities	\$ (182,357)	\$ (189,129)	\$ (172,982)	\$ (174,269)
Business-type Activities	<u>34,615</u>	<u>31,308</u>	<u>31,446</u>	<u>41,782</u>
 Total Primary Government Net (Expenses) Revenues	 <u>\$ (147,742)</u>	 <u>\$ (157,821)</u>	 <u>\$ (141,536)</u>	 <u>\$ (132,487)</u>
 GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:				
Governmental Activities:				
Property Taxes Levied for General Purpose	\$ 89,282	\$ 77,073	\$ 70,740	\$ 64,459
Property Taxes Levied for Debt Service	3,673	3,682	3,742	3,781
Property Taxes Incremental	35,366	32,512	29,790	27,988
Utility Service Taxes	21,004	20,629	20,324	20,595
Franchise Taxes	12,911	12,726	11,540	11,955
Sales Tax	10,137	9,563	10,254	9,252
Gas Tax	2,760	2,766	2,913	2,652
Local Business Tax	2,332	2,030	1,871	1,773
Contributions not Restricted to				
Specific Programs	7,843	7,025	6,984	6,883
Investment Revenue	2,881	1,268	932	759
Miscellaneous	3,138	2,411	6,790	1,728
Capital Contributions not Restricted to				
Specific Programs	0	0	0	0
Transfers	<u>6,980</u>	<u>6,059</u>	<u>4,175</u>	<u>6,763</u>
Total Governmental Activities	<u>198,307</u>	<u>177,744</u>	<u>170,055</u>	<u>158,588</u>
Business-type Activities:				
Investment Revenue	2,420	2,546	2,151	1,409
Miscellaneous	826	686	728	1,052
Transfers	<u>(6,981)</u>	<u>(6,059)</u>	<u>(4,175)</u>	<u>(6,763)</u>
Total Business-type Activities	<u>(3,735)</u>	<u>(2,827)</u>	<u>(1,296)</u>	<u>(4,302)</u>
 Total Primary Government General Revenues and Other Changes in Net Position	 <u>\$ 194,572</u>	 <u>\$ 174,917</u>	 <u>\$ 168,759</u>	 <u>\$ 154,286</u>
 CHANGE IN NET POSITION:				
Governmental Activities	\$ 15,950	\$ (11,385)	\$ (2,927)	\$ (15,681)
Business-type Activities	<u>30,881</u>	<u>28,481</u>	<u>30,149</u>	<u>37,480</u>
 Total Primary Government Change in Net Position	 <u>\$ 46,831</u>	 <u>\$ 17,096</u>	 <u>\$ 27,222</u>	 <u>\$ 21,799</u>

(1) As restated.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ (147,181)	\$ (138,625)	\$ (131,059)	\$ (149,717)	\$ (152,181)	\$ (167,427)
<u>30,157</u>	<u>28,291</u>	<u>22,603</u>	<u>22,933</u>	<u>9,995</u>	<u>3,587</u>
\$ <u><u>(117,024)</u></u>	\$ <u><u>(110,334)</u></u>	\$ <u><u>(108,456)</u></u>	\$ <u><u>(126,784)</u></u>	\$ <u><u>(142,186)</u></u>	\$ <u><u>(163,840)</u></u>
\$ 61,107	\$ 59,636	\$ 59,248	\$ 55,089	\$ 57,429	\$ 60,010
3,983	2,944	4,284	4,243	3,307	3,121
25,191	22,815	22,869	22,959	22,252	26,657
20,625	20,127	19,633	19,421	19,522	19,074
11,748	11,064	11,141	12,072	12,080	13,387
8,769	8,247	7,738	7,523	7,217	7,245
2,562	2,487	2,491	2,562	2,553	2,601
2,075	1,949	1,885	1,771	2,246	1,990
6,390	5,834	5,791	5,172	4,739	4,760
526	331	288	339	806	1,851
2,793	4,262	1,701	1,444	1,788	1,240
0	0	0	0	0	0
<u>5,191</u>	<u>4,955</u>	<u>4,297</u>	<u>4,898</u>	<u>6,108</u>	<u>(797)</u>
<u>150,960</u>	<u>144,651</u>	<u>141,366</u>	<u>137,493</u>	<u>140,047</u>	<u>141,139</u>
501	303	315	396	568	1,041
950	411	1,028	1,084	629	(348)
<u>(5,191)</u>	<u>(4,955)</u>	<u>(4,297)</u>	<u>(4,898)</u>	<u>(6,108)</u>	<u>797</u>
<u>(3,740)</u>	<u>(4,241)</u>	<u>(2,954)</u>	<u>(3,418)</u>	<u>(4,911)</u>	<u>1,490</u>
\$ <u><u>147,220</u></u>	\$ <u><u>140,410</u></u>	\$ <u><u>138,412</u></u>	\$ <u><u>134,075</u></u>	\$ <u><u>135,136</u></u>	\$ <u><u>142,629</u></u>
\$ 3,779	\$ 6,026	\$ 10,307	\$ (12,224)	\$ (12,134)	\$ (26,288)
<u>26,417</u>	<u>24,050</u>	<u>19,649</u>	<u>19,515</u>	<u>5,084</u>	<u>5,077</u>
\$ <u><u>30,196</u></u>	\$ <u><u>30,076</u></u>	\$ <u><u>29,956</u></u>	\$ <u><u>7,291</u></u>	\$ <u><u>(7,050)</u></u>	\$ <u><u>(21,211)</u></u>

CITY OF HOLLYWOOD, FLORIDA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)
 (\$ in thousands)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Utilities Service Taxes</u>	<u>Franchise Taxes</u>	<u>Sales Tax</u>	<u>Gas Tax</u>	<u>Local Business Tax</u>	<u>Total</u>
2018	\$ 128,321	\$ 21,004	\$ 12,911	\$ 10,137	\$ 2,760	\$ 2,332	\$ 177,465
2017	113,267	20,629	12,726	9,563	2,766	2,030	160,981
2016	104,272	20,324	11,540	10,254	2,912	1,871	151,173
2015	96,227	20,595	11,955	9,252	2,651	1,773	142,453
2014	90,280	20,625	11,748	8,769	2,562	2,075	136,059
2013	85,395	20,127	11,064	8,246	2,487	1,949	129,268
2012	86,401	19,633	11,141	7,738	2,490	1,885	129,288
2011	82,291	19,421	12,072	7,523	2,562	1,771	125,640
2010	82,988	19,522	12,080	7,217	2,553	2,246	126,606
2009	89,788	19,074	13,387	7,245	2,601	1,990	134,085

CITY OF HOLLYWOOD, FLORIDA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(\$ in thousands)**

Fiscal Year	General Fund					
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2018	\$ 37	\$ 0	\$ 9,483	\$ 4,984	\$ 57,592	\$ 72,096
2017	47	0	17,987	4,195	33,496	55,725
2016	34	0	15,983	2,806	30,854	49,677
2015	42	0	16,641	3,136	14,967	34,786
2014	7,506	0	15,875	7,446	14,311	45,138
2013	4,151	0	14,776	5,634	13,275	37,836
2012	6,090	0	13,294	1,086	4,787	25,257
2011	12	0	4,264	0	0	4,276

Fiscal Year	Other Governmental Funds						Total Governmental Funds
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	
2018	\$ 0	\$ 51,187	\$ 5,205	\$ 2,076	\$ (9,948)	\$ 48,520	\$ 120,616
2017	1,586	75,530	6,561	1,348	(2,990)	82,035	137,760
2016	2,042	75,779	5,909	3,298	0	87,028	136,705
2015	2,501	44,225	218	1,387	(191)	48,140	82,926
2014	915	60,399	5,659	2,241	0	69,214	114,352
2013	1,138	63,028	3,135	2,834	373	70,508	108,344
2012	1,114	62,427	3,865	1,901	(505)	68,802	94,059
2011	1,669	71,361	4,226	1,042	(158)	78,140	82,416

Fiscal Year	General Fund			Other Governmental Funds					Total Governmental Funds
	Reserved	Unreserved	Total	Reserved	Unreserved, Reported in:				
					Special Revenue Funds	Debt Service Funds	Capital Projects Funds		
2010	\$ 138	\$ 9,163	\$ 9,301	\$ 83,681	\$ 2,476	\$ 58	\$ 0	\$ 95,516	
2009	86	14,670	14,756	82,848	3,020	55	0	100,679	

(1) Information for fiscal years 2010 and prior was prepared prior to implementation of GASB 54 in 2011 and is presented in the format previously required and is not available on a comparable basis.

CITY OF HOLLYWOOD, FLORIDA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(Modified Accrual Basis of Accounting)

(\$ in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES:					
Property Taxes	\$ 112,390	\$ 98,520	\$ 90,697	\$ 84,028	\$ 78,931
Utilities Service Taxes	21,004	20,629	20,324	20,595	20,625
Franchise Taxes	12,878	12,726	11,540	11,955	11,749
Licenses and Permits	10,305	7,973	8,864	8,054	6,688
Intergovernmental	41,235	38,261	37,116	34,467	37,515
Charges for Services	50,182	48,187	44,915	44,010	45,188
Fines and Forfeits	1,284	61	424	1,659	774
Investment Revenue	2,062	1,006	628	486	284
Miscellaneous	3,261	3,023	5,860	1,651	3,110
Total Revenues	<u>254,601</u>	<u>230,386</u>	<u>220,368</u>	<u>206,905</u>	<u>204,864</u>
EXPENDITURES:					
Current:					
General Government	33,057	31,292	26,847	26,240	22,104
Public Safety	141,936	133,224	120,134	123,346	118,827
Public Works	12,229	12,144	10,977	12,114	11,975
Transportation	2,297	2,211	1,589	2,246	2,028
Economic Environment	3,826	3,455	2,990	19,427	8,981
Physical Environment	20	335	258	572	1,565
Culture and Recreation	11,411	10,538	9,835	11,093	10,479
Human Services	0	0	0	0	52
Emergency and Disaster Relief	7,002	3,293	0	0	0
Other	2,252	2,333	2,718	3,775	2,447
Capital Outlay:					
General Government	4,691	1,840	3,097	1,599	2,065
Public Safety	2,721	3,046	2,582	1,340	1,341
Transportation	1,719	5,358	3,402	3,624	881
Economic Environment	0	5	0	5	3
Physical Environment	7,607	4,080	718	7,625	671
Culture and Recreation	305	468	313	571	444
Debt Service:					
Principal	13,982	13,628	13,773	12,702	20,097
Interest and Fiscal Charges	5,576	6,213	8,974	7,864	7,591
Total Expenditures	<u>250,631</u>	<u>233,463</u>	<u>208,207</u>	<u>234,143</u>	<u>211,551</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,970</u>	<u>(3,077)</u>	<u>12,161</u>	<u>(27,238)</u>	<u>(6,687)</u>

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	75,318	\$ 76,240	\$ 70,359	\$ 70,936	\$ 75,919
	20,127	19,729	19,650	19,751	19,975
	11,064	11,141	12,072	12,080	13,387
	5,952	5,416	5,148	5,511	5,603
	36,183	37,025	41,260	38,080	38,393
	41,804	41,108	36,580	36,446	30,631
	307	484	567	496	871
	112	104	119	438	1,142
	5,033	2,039	3,327	3,569	3,269
	<u>195,900</u>	<u>193,286</u>	<u>189,082</u>	<u>187,307</u>	<u>189,190</u>
	19,950	18,453	22,225	22,972	26,166
	111,088	102,345	115,648	114,653	111,564
	11,443	9,062	10,466	12,440	12,338
	496	285	319	598	802
	4,291	5,850	5,365	4,593	5,782
	1,529	2,171	2,027	3,502	3,041
	10,049	10,724	10,869	9,303	9,524
	57	53	75	73	78
	0	0	0	0	3
	3,748	1,291	4,258	5,920	4,477
	158	1,663	549	82	480
	1,538	4,557	4,292	7,798	7,003
	792	370	2,185	1,492	1,429
	3	1,018	1,404	21	536
	1,057	7,009	7,285	2,595	6,273
	150	515	4,519	3,082	2,232
	11,716	24,147	10,296	9,922	22,206
	7,907	9,122	9,201	9,039	9,718
	<u>185,972</u>	<u>198,635</u>	<u>210,983</u>	<u>208,085</u>	<u>223,652</u>
	<u>9,928</u>	<u>(5,349)</u>	<u>(21,901)</u>	<u>(20,778)</u>	<u>(34,462)</u>

CITY OF HOLLYWOOD, FLORIDA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(\$ in thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
OTHER FINANCING SOURCES					
(USES):					
Issuance of Debt	\$ 0	\$ 14,831	\$ 92,127	\$ 45,922	\$ 7,965
Retirement of Debt	0	(14,831)	(53,924)	(43,732)	0
Transfers In	13,246	12,143	15,352	16,783	14,182
Transfers Out	<u>(7,600)</u>	<u>(8,011)</u>	<u>(11,937)</u>	<u>(12,817)</u>	<u>(9,452)</u>
Total Other Financing Sources (Uses)	<u>5,646</u>	<u>4,132</u>	<u>41,618</u>	<u>6,156</u>	<u>12,695</u>
 Change in Fund Balances	 <u>\$ 9,616</u>	 <u>\$ 1,055</u>	 <u>\$ 53,779</u>	 <u>\$ (21,082)</u>	 <u>\$ 6,008</u>
 Debt Service as a Percentage of Noncapital Expenditures	 8.7%	 9.1%	 11.5%	 9.4%	 13.4%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 0	\$ 12,848	\$ 0	\$ 9,229	\$ 12,246
0	0	0	0	0
13,643	13,915	31,411	18,978	19,807
<u>(9,286)</u>	<u>(9,771)</u>	<u>(22,610)</u>	<u>(12,592)</u>	<u>(11,888)</u>
<u>4,357</u>	<u>16,992</u>	<u>8,801</u>	<u>15,615</u>	<u>20,165</u>
\$ <u><u>14,285</u></u>	\$ <u><u>11,643</u></u>	\$ <u><u>(13,100)</u></u>	\$ <u><u>(5,163)</u></u>	\$ <u><u>(14,297)</u></u>
10.7%	17.7%	10.1%	9.8%	14.8%

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HOLLYWOOD, FLORIDA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (\$ in thousands)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Utilities Service Taxes</u>	<u>Franchise Taxes</u>	<u>Sales Tax</u>	<u>Gasoline Tax</u>	<u>Local Business Tax</u>	<u>Total</u>
2018	\$ 115,782	\$ 21,004	\$ 12,877	\$ 10,137	\$ 2,670	\$ 2,130	\$ 164,600
2017	98,520	20,629	12,726	9,563	2,677	1,931	146,046
2016	90,697	20,324	11,540	10,254	2,825	1,826	137,466
2015	84,028	20,595	11,955	9,252	2,569	1,723	130,122
2014	78,931	20,625	11,748	8,769	2,486	2,002	124,561
2013	75,318	20,127	11,064	8,246	2,412	1,881	119,048
2012	76,240	19,729	11,141	7,738	2,419	1,910	119,177
2011	70,359	19,650	12,072	7,523	2,488	1,949	114,041
2010	70,936	19,751	12,080	7,217	2,485	1,873	114,342
2009	75,919	19,975	13,387	7,245	2,520	1,897	120,943

CITY OF HOLLYWOOD, FLORIDA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(\$ in thousands)**

Fiscal Year	Real Property			Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value
	Residential Property	Commercial Property	Other Property			
2018	\$ 15,187,241	\$ 6,052,243	\$ 4,623	\$ 1,512,574	\$ 7,519,034	\$ 15,237,647 (2)
2017	13,978,049	5,650,080	4,469	627,053	7,075,271	13,184,380
2016	12,764,725	5,163,513	4,117	604,697	6,453,560	12,083,492
2015	11,607,318	4,829,226	4,137	595,229	5,880,337	11,155,573
2014	9,710,175	4,826,893	3,551	587,328	4,669,012	10,458,935
2013	9,039,943	4,754,324	3,139	656,880	4,361,073	10,093,213
2012	9,074,429	4,815,235	3,320	647,910	4,433,935	10,106,959
2011	9,175,890	4,977,610	3,224	649,744	4,387,855	10,418,613
2010	11,489,326	5,114,805	3,860	641,398	5,425,371	11,824,018
2009	14,861,489	4,871,175	4,367	640,406	6,892,235	13,485,202

Source: Broward County Property Appraiser's Office.

(1) Includes tax exempt property.

(2) Represents final revised taxable value reported by Broward County Property Appraiser as of October 16, 2017.

<u>Total Direct Tax Rate (mills)</u>	<u>Estimated Actual Taxable Value (1)</u>	<u>Assessed Value as a Percentage of Actual Value</u>
7.6992	\$ 22,756,682	66.96 %
7.7363	20,259,651	65.08
7.7677	18,537,052	65.19
7.8007	17,035,909	65.48
7.8436	15,127,947	69.14
7.7519	14,454,286	69.83
7.8928	14,540,895	69.51
7.1368	14,806,468	70.37
6.3375	17,249,389	68.55
5.9317	20,377,437	66.18

CITY OF HOLLYWOOD, FLORIDA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Hollywood			Overlapping Rates (1)					
	Operating Millage	Debt		Broward County			Broward County School District		
		Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage
2018	7.4479	0.2513	7.6992	5.4623	0.2067	5.6690	6.4740	0.0654	6.5394
2017	7.4479	0.2884	7.7363	5.4474	0.2216	5.6690	6.8360	0.0703	6.9063
2016	7.4479	0.3198	7.7677	5.4741	0.2489	5.7230	7.2030	0.0710	7.2740
2015	7.4479	0.3528	7.8007	5.4584	0.2646	5.7230	7.4380	0.0000	7.4380
2014	7.4479	0.3957	7.8436	5.4400	0.2830	5.7230	7.4800	0.0000	7.4800
2013	7.4479	0.3040	7.7519	5.2576	0.2954	5.5530	7.4560	0.0000	7.4560
2012	7.4479	0.4449	7.8928	5.1860	0.3670	5.5530	7.4180	0.0000	7.4180
2011	6.7100	0.4268	7.1368	5.1021	0.4509	5.5530	7.6310	0.0000	7.6310
2010	6.0456	0.2919	6.3375	4.8889	0.5000	5.3889	7.4310	0.0000	7.4310
2009	5.6900	0.2417	5.9317	4.8889	0.4256	5.3145	7.4170	0.0000	7.4170

Property Tax Rates: Expressed as mills per \$1,000 of taxable value.

Source: Broward County Property Appraiser.

- (1) Overlapping rates are those of local and county governments that apply to property owners within the City of Hollywood. Not all overlapping rates apply to all City of Hollywood property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).
- (2) Hollywood tax district code 0543 and 0553 - excluding North Broward Hospital District.
- (3) Hollywood tax district code 0534 - excluding South Broward Hospital District.

Special Districts	South	North	Total Direct and Overlapping Rates	
	Broward Hospital District	Broward Hospital District	(2)	(3)
0.8302	0.1496	1.2483	20.8874	21.9861
0.8509	0.1615	1.3462	21.3240	22.5087
0.8753	0.1737	1.4425	21.8137	23.0825
0.9069	0.1863	1.5939	22.0549	23.4625
0.9337	0.4000	1.7554	22.3803	23.7357
0.9536	0.6000	1.8564	22.3145	23.5709
0.9497	0.7500	1.8750	22.5635	23.6885
1.1281	1.2732	1.8750	22.7221	23.3239
1.0828	1.2732	1.7059	21.5134	21.9461
1.0339	1.1913	1.7059	20.8884	21.4030

CITY OF HOLLYWOOD, FLORIDA

PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(\$ in thousands)

Taxpayer	Fiscal Year 2018	
	Taxable Assessed Value (1)	Percentage of Total City Taxable Assessed Value
Florida Power & Light Company	\$ 1,079,277	7.26 %
Diplomat Properties LTD Partnership	431,498	2.90
Margaritaville Hollywood Beach Resort	130,618	0.88
Michael Swerdlow Properties	124,886	0.84
Equity One Sheridan Plaza LLC	92,264	0.62
Parc Station Acquisition LLC	66,100	0.44
MHI Hospitality	57,761	0.39
Allan Cristina	52,226	0.35
Park Colony LLC	49,923	0.34
CDR Presidential LLC	48,005	0.32
Total Taxpayer	\$ 2,132,558	14.34 %
Total Taxable Assessed Value	\$ 14,861,686	

Taxpayer	Fiscal Year 2009	
	Taxable Assessed Value (2)	Percentage of Total City Taxable Assessed Value
Diplomat Properties LTD Partnership	\$ 300,996	2.23 %
Florida Power & Light Company	206,669	1.53
Michael Swerdlow Properties	107,999	0.80
Equity One LLC	80,506	0.60
Distribution Funding, Inc.	75,051	0.56
MHI/Carlyle Sian Owner I LLC	50,209	0.37
Bell South Telecommunications	50,175	0.37
CDR Presidential	44,500	0.33
Metropolitan Life Insurance Company	42,999	0.32
WRI/Hollywood Hills LLC	41,862	0.31
Total Taxpayer	\$ 1,000,966	7.42 %
Total Taxable Assessed Value	\$ 13,490,108	

Source: Broward County Revenue Collector.

- (1) Value of nonexempt real and personal property subject to taxation at January 1, 2017.
- (2) Value of nonexempt real and personal property subject to taxation at January 1, 2008.

CITY OF HOLLYWOOD, FLORIDA

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(\$ in thousands)**

Fiscal Year	Total Tax Levy (1)	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy Collected		Amount	Percent of Levy Collected
2018	\$ 117,354	\$ 116,462	99.2 %	\$ 0	\$ 116,462	99.2 %
2017	102,701	102,044	99.4	0	102,044	99.4
2016	94,519	93,927	99.4	40	93,967	99.4
2015	87,700	87,011	99.2	73	87,084	99.3
2014	82,093	81,711	99.5	(348) (2)	81,363	99.1
2013	78,279	77,984	99.6	(295) (2)	77,689	99.2
2012	79,803	78,948	98.9	(273) (2)	78,675	98.6
2011	74,415	72,825	97.9	31	72,856	97.9
2010	74,996	73,313	97.8	938	74,251	99.0
2009	79,456	78,440	98.7	1,187	79,627	100.2

(1) Source: Broward County Revenue Collector.

(2) Negative collections resulted from Broward County adjustments processed during fiscal year after initial levy.

CITY OF HOLLYWOOD, FLORIDA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(\$ in thousands, except per capita amount)**

Fiscal Year	Governmental Activities					
	General Obligation Bonds/Note	Capital Improvement Bonds and Loans	Capital Leases	Revenue Bonds and Loans (CRA's)	Bond Premium (Discount)	Bond Premium (Discount)
2018	\$ 36,435	\$ 33,161	\$ 7,794	\$ 45,661	\$ 10,745	\$ 7,871
2017	38,940	34,231	6,937	53,043	13,665	9,527
2016	41,372	51,803	7,926	60,231	0	11,354
2015	43,922	42,715	6,541	52,436	0	0
2014	46,050	48,192	7,465	55,864	0	0
2013	47,720	53,447	4,131	61,146	0	0
2012	49,195	58,463	5,323	66,293	0	0
2011	50,455	63,441	6,586	71,309	0	0
2010	51,500	67,755	7,777	76,201	0	0
2009	52,345	63,287	10,003	80,976	0	0

Business-type Activities

Water & Sewer Revenue Bonds	Loans Payable	Capital Leases	Bond Premium (Discount)	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 75,054	\$ 61,499	\$ 5,246	\$ 3,477	\$ 286,943	N/A %	\$ 1,857
81,229	66,111	6,173	4,599	314,455	N/A	2,136
87,119	71,320	7,115	5,853	344,093	8.61	2,354
89,020	78,585	7,990	6,242	327,451	8.57	2,259
103,070	73,323	8,802	1,959	344,725	9.15	2,389
110,595	68,701	9,106	2,197	357,043	9.52	2,481
117,780	67,424	9,703	(1,214)	372,967	9.87	2,620
124,645	70,594	10,340	(1,410)	395,960	10.53	2,810
131,205	70,647	10,896	(1,279)	414,702	10.66	2,912
84,525	72,646	10,960	(1,704)	373,038	9.64	2,628

CITY OF HOLLYWOOD, FLORIDA

**RATIOS OF GENERAL OBLIGATION BONDS/NOTE DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

(\$ in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds/Note</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Total Taxable Assessed Value of Property</u>	<u>Per Capita</u>
2018	\$ 36,435	\$ (282)	\$ 36,153	0.27 %	\$ 243
2017	38,940	(233)	38,707	0.32	263
2016	41,372	(182)	41,190	0.34	282
2015	43,922	(129)	43,793	0.39	302
2014	46,050	(735)	45,315	0.43	314
2013	47,720	(685)	47,035	0.47	327
2012	49,195	(1,536)	47,659	0.47	335
2011	50,455	(895)	49,560	0.48	352
2010	51,500	(132)	51,368	0.43	361
2009	52,345	(133)	52,212	0.39	368

CITY OF HOLLYWOOD, FLORIDA

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
SEPTEMBER 30, 2018

Governmental Unit	Bonded Debt Outstanding	Applicable to City of Hollywood	
		Percent (1)	Amount
DIRECT DEBT:			
City of Hollywood:			
General Obligation	\$ 36,435,000	100.00 %	\$ 36,435,000
Non-Self-Supporting Revenue Debt	<u>105,232,040</u>	100.00	<u>105,232,040</u>
Total Direct Debt	<u>141,667,040</u>	100.00	<u>141,667,040</u>
OVERLAPPING DEBT:			
Broward County	193,497,000	9.00	17,414,730
Broward School District	<u>1,725,659,000</u>	9.00	<u>155,309,310</u>
Total Overlapping Debt	<u>1,919,156,000</u>		<u>172,724,040</u>
Total Direct and Overlapping Debt	<u>\$ 2,060,823,040</u>		<u>\$ 314,391,080</u>

Source: Taxing authority indicated.

(1) Percent of taxable value of property in Hollywood to taxable value of property in overlapping unit.

COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2018

The City has no legal debt margin requirement.

CITY OF HOLLYWOOD, FLORIDA

PLEGGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(\$ in thousands)

Fiscal Year	Water & Sewer Revenue Debt						Coverage
	Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue (3)	Debt Service			
				Principal	Interest		
2018	\$ 101,533	\$ 48,857	\$ 52,676	\$ 12,079	\$ 5,895	2.93	
2017	100,108	47,581	52,527	11,260	6,676	2.93	
2016	96,241	43,130	53,111	11,835	6,184	2.95	
2015	100,875	42,327	58,548	12,255	7,341	2.99	
2014	94,347	43,477	50,870	12,520	8,377	2.43	
2013	90,477	42,632	47,845	11,957	8,347	2.35	
2012	86,022	42,028	43,994	11,544	8,345	2.21	
2011	84,178	42,331	41,847	11,167	8,835	2.09	
2010	74,828	42,093	32,735	9,947	9,044	1.72	
2009	66,746	42,539	24,207	9,511	6,540	1.51	

(1) Total operating and investment revenue.

(2) Total expense exclusive of depreciation.

(3) The terms Revenues, Operating Expenses, and Principal and Interest Requirements are defined in Ordinance No. 0-91-44 and do not necessarily have the same meanings as under generally accepted accounting principles.

Operating Expenses exclude payments-in-lieu of taxes to the City that approximated \$3.9 million in fiscal year 2009.

CITY OF HOLLYWOOD, FLORIDA

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (\$ in thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2018	149,028	\$ N/A	\$ N/A	N/A	19,441	3.5 %
2017	147,212	4,148,729	28,182	42	19,360	4.3
2016	146,155	3,995,001	27,334	42.6	19,623	4.6
2015	144,926	3,819,815	26,357	41.9	20,238	5.3
2014	144,310	3,769,089	26,118	41.7	20,368	5.5
2013	143,935	3,752,242	26,069	41.7	20,172	6.3
2012	142,374	3,779,460	26,546	41.4	19,822	8.4
2011	140,930	3,759,449	26,676	40.7	19,752	10.0
2010	142,397	3,889,574	27,315	41.1	19,986	10.7
2009	141,942	3,870,474	27,268	40.3	20,098	8.5

(1) Source: University of Florida, Bureau of Economic and Business Research.

(2) Source: U.S. Census Bureau (estimate).

(3) Source: Broward School District - for Hollywood.

(4) Source: U.S. Department of Labor, Bureau of Labor Statistics.

N/A: Not available at time of publication.

CITY OF HOLLYWOOD, FLORIDA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

SEPTEMBER 30, 2018

<u>Employer</u>	<u>Employees</u>	<u>Product/ Business</u>	<u>Percentage of Employment</u>
Memorial Regional Hospital	4,124	Hospital	5.1 %
City of Hollywood	1,446	Government	1.8
Chewy	1,200	Pet Food Distributor	1.5
Publix Supermarkets	1,150	Supermarket Chain	1.4
Diplomat Resort & Spa	1,100	Hotel	1.4
Memorial Regional Hospital South	753	Hospital	0.9
Great Healthworks	430	Health Care Products	0.5
BrandsMart U.S.A.	346	Retail Consumer Electronics	0.4
FirstServices Residential	310	Property Management	0.4
HEICO Corporation	303	Aircraft Parts	0.4

SEPTEMBER 30, 2009

<u>Employer</u>	<u>Employees</u>	<u>Product/ Business</u>	<u>Percentage of Employment</u>
Memorial Healthcare System	5,000	Hospital	6.8 %
City of Hollywood	1,354	Government	1.8
Westin Diplomat Resort & Spa	1,200	Hotel	1.6
Memorial Regional Hospital South	513	Hospital	0.7
Angstrom Graphics/St. Ives	326	Printing Manufacturer	0.4
Toyota of Hollywood	320	Auto Dealership	0.4
HEICO Corporation	278	Aircraft Parts	0.4
Brandsmart U.S.A.	250	Retail Consumer Electronics	0.3
Laboratory Corp. of America	250	Lab Services	0.3
Rewards Network Inc.	190	Marketing Firm	0.3

Source: City of Hollywood

CITY OF HOLLYWOOD, FLORIDA

**BUDGETED FULL-TIME POSITIONS FOR CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
FUNCTION:										
General Government:										
City Commission:										
Elected Officials	7	7	7	7	7	7	7	7	7	7
Administrative Staff	6	6	6	6	6	6	6	6	6	6
City Manager	7	7	7	7	7	7	7	8	6	9
City Clerk	6	8	8	8	8	8	8	8	9	9
City Attorney	14	14	14	12	10	10	10	10	11	11
Budget & Procurement Services	8	0	0	0	0	0	0	15	15	14
Community & Public Relations	0	0	0	0	0	0	0	0	0	4
Business & International Trade	0	0	0	0	0	0	4	5	6	0
Public Affairs & Marketing	10	5	5	6	6	6	6	6	5	5
Financial Services	42	50	50	49	48	57	52	41	41	41
Human Resources & Risk Management	0	0	0	0	15	15	12	14	18	19
Human Resources	10	11	11	12	0	0	0	0	0	0
Labor Relations & Risk Management	3	4	4	3	0	0	0	0	0	0
Development Services:										
Administration	3	3	0	0	0	0	0	0	0	0
Architecture	8	9	0	0	0	0	0	0	0	0
Engineering	6	6	0	0	0	0	0	0	0	0
Parking Services	18	16	16	16	16	16	19	28	32	32
Planning & Development Services	0	0	0	0	41	41	33	43	45	53
Planning	7	7	11	11	0	0	8	8	8	12
Building	31	31	31	30	0	0	0	0	0	0
Code Enforcement	0	0	0	0	0	0	0	21	22	23
Public Safety:										
Police:										
Officers	321	321	322	323	335	334	334	330	334	337
Civilians	109	109	133	168	168	164	166	153	172	175
Fire:										
Certified	226	225	213	213	230	230	230	230	230	228
Beach Safety	26	26	26	26	26	26	26	26	26	26
Civilians	12	12	12	12	12	12	12	12	13	13
Public Works:										
Administration	6	6	6	6	7	7	6	10	10	9
Code Compliance	25	25	0	0	0	0	0	0	0	0
Streets & Highways	27	24	24	24	24	29	0	30	31	31
Building & Grounds	33	36	48	51	52	34	37	34	35	37
Fleet Maintenance	15	15	15	15	14	14	14	15	11	20
Community & Economic										
Development	0	4	4	4	4	4	0	0	0	3
Housing & Community										
Redevelopment	0	0	0	0	0	0	0	0	0	2
Culture and Recreation	42	42	42	44	44	43	69	54	54	55
Public Utilities:										
Administration	44	44	44	44	39	23	23	23	23	24
Engineering Services	19	19	18	18	18	18	21	18	43	20
Water & Wastewater	130	130	131	132	132	128	128	128	128	130
Stormwater	11	11	11	11	11	11	11	11	11	11
Sanitation	15	15	11	10	10	5	5	5	5	59
Information Technology	23	23	23	23	23	23	23	24	26	28
Design & Construction Management	0	0	4	8	8	18	17	17	0	20
Total	<u>1,270</u>	<u>1,271</u>	<u>1,257</u>	<u>1,299</u>	<u>1,321</u>	<u>1,296</u>	<u>1,294</u>	<u>1,340</u>	<u>1,383</u>	<u>1,473</u>

CITY OF HOLLYWOOD, FLORIDA

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
FUNCTION:				
Police:				
Physical Arrests	6,172	7,059	7,502	5,584
Traffic Summons	16,184	22,583	23,809	22,150
Fire:				
Emergency Unit Responses	48,260	65,483	65,221	63,443
Ambulance Transports	13,063	13,810	14,740	14,825
Inspections Conducted	3,742	3,750	5,097	7,612
Building Activity:				
Permits Issued:				
Electrical	3,289	2,667	2,598	2,047
Mechanical	1,567	1,520	1,411	1,393
Plumbing	2,672	2,582	2,427	4,169
Structural	8,647	6,361	6,422	5,596
Reviewer Valuation:				
Electrical	50,594,374	33,592,099	48,951,927	28,147,130
Mechanical	24,154,831	19,751,604	25,482,660	30,026,421
Plumbing	23,497,454	18,259,839	26,030,291	22,863,089
Structural	424,251,620	293,230,831	411,440,568	345,464,780
Public Works:				
Compressed Natural Gas (CGN) Used in Place of Gasoline (Gallons)	5,389	8,118	98,855	86,859
E85 Gas	391,873	165,926	0	0
Reuse Water Used for Irrigation Purposes (Cubic Feet)	4,922,167	3,620,000	2,352,286	3,534,628
Culture and Recreation:				
Special Events/Programs Held	174	102	118	113
Special Events/Program Participants	130,984	254,694	209,869	238,948
Sports Fields Prepared for Games	10,188	3,810	5,200	8,100
Rounds of Golf Played at Orangebrook Golf Course	71,508	75,133	64,497	76,181
Water System:				
Average Daily Consumption (Million GPD)	21.9	20.9	22.6	22.3
Wastewater System:				
Average Daily Treatment (Million GPD)	34.7	38.5	36.0	36.5
Sanitation:				
Solid Waste Collection (Tons)	45,622	44,809	41,640	41,307
Material Recycled (Tons)	11,320	9,989	9,753	9,216
Parking Services:				
Parking Violations Issued	39,967	35,896	37,886	38,934

Source: Information herein provided by various City departments annually.
The use of E85 gas began in May 2017.

2014	2013	2012	2011	2010	2009
2,536	2,291	2,359	2,980	3,565	4,946
22,915	17,921	12,911	14,583	28,396	29,910
55,773	53,485	50,686	52,380	53,353	49,939
14,719	15,583	15,281	14,669	14,707	12,614
7,670	7,637	8,512	9,922	9,714	9,892
1,993	2,533	2,616	2,425	2,192	2,043
1,447	1,449	1,296	1,510	1,388	1,175
2,116	1,793	1,700	1,668	1,435	1,128
5,441	5,137	4,511	4,313	4,466	4,614
26,130,994	26,216,036	21,298,232	16,660,118	17,846,418	16,240,080
21,556,183	14,013,724	18,134,724	17,296,973	22,351,576	28,447,621
21,908,622	8,948,921	12,381,215	9,086,131	15,443,265	9,590,685
222,708,457	214,519,259	170,308,683	121,108,365	169,083,102	159,648,522
41,548	26,308	25,705	24,776	24,476	23,043
0	0	0	0	0	0
2,530,166	2,229,544	2,665,615	3,692,259	162,850	259,975
265	343	380	278	340	297
228,332	379,016	350,815	307,922	341,210	584,301
11,110	9,174	9,393	8,149	5,237	4,500
78,745	85,360	80,445	83,908	72,414	94,037
21.4	20.9	20.9	21.6	22.6	22.6
38.0	38.5	40.1	35.6	38.9	38.9
43,191	41,468	41,764	40,750	43,507	48,159
9,030	9,096	8,397	8,377	6,967	32,085
41,756	27,937	28,765	52,698	44,845	42,194

CITY OF HOLLYWOOD, FLORIDA

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
FUNCTION:				
Police:				
Stations	1	1	1	1
Neighborhood Network Centers	2	2	2	3
Patrol Units & Other Vehicles	510	510	521	550
Fire:				
Stations	6 (1)	5 (1)	6	6
Training Centers	1	1	1	1
Beach Safety Center	1	1	1	1
Fire Apparatus	15	15	15	15
Emergency Rescue/Transport Units	12	12	12	12
Highways and Streets:				
Miles of Streets	879	879	879	879
Miles of Alleys	85	85	85	85
Number of Street Lights	8,822	9,438	9,262	9,262
Culture and Recreation:				
Art and Culture Centers	2	2	2	2
Baseball/Softball Diamonds	15	15	15	15
Basketball Courts-Indoor	2	2	2	2
Basketball Courts-Outdoor	24	24	24	24
Beach:				
Total Miles	6.00	6.00	6.00	6.00
Miles Maintained for Public Use	4.50	5.00	5.00	4.50
Miles of Patrolled Area	4.50	5.00	5.00	4.50
Bocci Ball Courts	2	2	2	2
Football/Soccer Fields	18	18	18	18
Golf Courses (36, 18 and 9 Holes)	3	3	3	3
Paddleball Courts	18	18	18	18
Parks and Playgrounds	81	80	80	81
Performing Arts Center-Indoor (508 Seats)	1	1	1	1
Recreation Centers	11	11	11	11
Roller Hockey Rinks (Converted for pickleball use)	1	1	1	1
Shuffleboard Courts	36	36	36	36
Skate Parks	2	2	2	2
Swimming Pools	1	1	1	1
Tennis Centers (12 Lighted Courts)	1	1	1	1
Tennis Courts	9	9	9	9
Theaters-Outdoor	3	3	3	3
Water System:				
Miles of Water Mains	550	550	550	557
Number of Supply Wells	22	22	22	22
Maximum Treatment Capacity (Million GPD)	46.0	46.0	46.0	46.0
Maximum Treatment Capacity Rating (Million GPD)	60.0	60.0	60.0	59.5
Storage Capacity (Millions of Gallons)	18.0	18.0	18.0	18.0
Number of Service Connections	41,372	40,565	41,128	40,247
Number of Fire Hydrants	2,832	2,832	2,685	2,687

2014	2013	2012	2011	2010	2009
1	1	1	1	1	1
3	3	3	3	3	3
518	441	417	350	353	362
6	6	6	6	6	6
1	1	1	1	1	1
1	1	1	1	1	1
15	15	15	15	14	14
12	12	12	12	12	12
879	879	879	879	879	879
85	85	85	85	105	105
9,246	9,246	9,246	9,237	9,231	9,189
2	2	2	2	2	2
15	15	15	16	16	16
2	2	2	2	2	2
24	24	24	24	19	19
6.00	6.00	6.00	6.00	5.25	5.25
4.50	4.50	4.50	4.50	5.25	5.25
4.50	4.50	4.50	4.50	5.25	5.25
2	2	2	2	2	2
18	18	18	18	24	24
3	3	3	3	3	3
18	18	18	18	24	24
81	81	81	79	62	62
1	1	1	1	1	1
11	11	11	11	11	11
1	1	1	1	1	1
36	36	36	36	36	36
2	2	2	2	2	2
1	1	1	1	3	3
1	1	1	1	1	1
9	9	9	9	9	9
3	3	3	3	3	3
555	555	545	555	640	640
22	22	22	22	20	20
46.0	46.0	46.0	46.0	45.0	45.0
60.0	60.0	60.0	60.0	55.5	55.5
18.0	13.0	13.0	13.0	13.0	13.0
40,299	40,299	41,300	40,269	41,300	41,300
2,592	2,578	2,660	2,645	2,561	2,561

(Continued)

CITY OF HOLLYWOOD, FLORIDA

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Stormwater:				
Miles of Storm Drains	130.0	152.0	159.0	156.0
Number of Catch Basins	4,480	4,581	4,624	4,842
Number of Pump Stations	10	10	10	10
Number of Drainage Wells	9	9	9	12
Number of Out-falls	379	383	389	462
Wastewater System:				
Miles of Sanitary Sewers	270	270	279	324
Number of Lift Stations	80	80	80	80
Maximum Treatment Capacity (Million GPD)	56.0	56.0	56.0	55.5
Number of Service Connections	21,726	20,688	21,303	21,178
Number of Sanitary Sewer Manholes	4,344	4,330	4,354	4,569

Source: Information herein is provided by various City departments annually.

(1) Fire Station 45 was demolished and is in the process of being rebuilt.

(Continued)

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
156.0	157.0	157.0	163.7	155.4	155.4
4,786	4,785	4,731	4,686	5,882	5,882
10	10	10	10	10	10
10	10	8	11	6	6
463	463	456	456	510	510
324	321	288	295	325	325
80	84	76	76	76	76
55.5	55.0	55.5	50.0	50.0	50.0
20,947	20,947	20,550	21,038	20,550	20,550
4,544	4,516	4,518	4,500	4,836	4,836

(THIS PAGE INTENTIONALLY LEFT BLANK)



City of Hollywood, Florida
Department of Financial Services
P.O. Box 229045
Hollywood, Florida 33022-9045
954.921.3228
For more information visit our website
www.hollywoodfl.org